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FINANCIAL TIMES

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Ferry capsizes off Belgium

Helicopters and ships were racing to the rescue of more than 500 people aboard a British channel ferry which capsized after colliding with the harbour wall after leaving Zeebrugge, Belgium.

The Herald of Free Enterprise, an 8,000-ton Townsend Thoresen ferry, had turned on its side, according to early reports. Some people had been picked from the water by heli copters. There was no immediate information of the number of injuries.

The ferry was carrying 483 passengers and 55 crew from Dover. Belgian coastguards said: "We have been in touch with a ship in the vicinity and the vessel is completely turned on its side."

The Ministry of Defence said the destroyer Glasgow and frigate Diomede were on the way. Two Royal Navy Sea Kings with divers from RAF Culdrose had been sent to the scene. Three Belgian Sea King helicopters were at the scene.

The vessel was about one to two miles from land and the weather was calm.

New York Stock Exchange starts trading in insults

BY HUGO DIXON

A TRANSATLANTIC war of words broke out yesterday over the New York Stock Exchange's decision to bar its member firms from trading on the London Stock Exchange in jointly-listed securities during the hours New York is open.

In London, the Stock Exchange called it New York counterpart "antideluvian."

Back in New York, Mr Robert Birnbaum, the New York Exchange's president, cast doubt on whether the London market really counted as a stock exchange at all.

Referring to London's decision to close its trading floor and move over entirely to electronic trading next year, Mr Birnbaum said: "If the LSE doesn't want to be what a stock exchange looks like, feels like and smells like, that's tehir business."

"Who wants to look like, feel like and smell like something neanderthal?" came the riposte from London.

By closing the trading floor, London would not fit New York's description of what a stock exchange is, Mr Birnbaum said.

NYSE members trading in London shares listed in New York would therefore be operating "over the counter" and thus contravening NYSE rules if they did so while New York was open.

Some securities houses believe the main purpose of the rule is to restrict the competitive threat from more electronically advanced exchanges.

Nasdaq, the US over-the-counter market based in Washington, has been the New York's exchange's traditional competitor, but London is now also viewed as a potential rival.

Mr Birnbaum, however, insisted that New York's rules were needed for investor protection. "We think we have the best rules in the world and the best market in the world."

New York's rules were for New York, not London, to interpret.

London pointed out that stock exchanges had to adapt to new technology. "Presumbaly at some time, New York started using the telephone. How did they cope with that?" it asked.

"Presumably he (Mr Birnbaum) goes to the shops in a pony and trap."

Mr Stanislas Yassukovich, chairman of the European arm of Merrill Lynch, the New York securities house, said the suggestion that investor protection was somehow inadequate was "a red herring" and "slightly insulting."

He said he thought New York's decision was influenced by fears that in the future foreign equity trading in London would grow rapidly.

"It would appear to be against the spirit of reciprocity now common in financial centres," he said. It would also put Merrill Lynch at a competitive disadvantage vis-a-vis other members of the LSE, such as the US commercial banks,

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WORLD NEWS

Kinnock acts on hard-left

Labour leader Neil Kinnock called for a London meeting of party members in a move to prevent hard-left Labour councillors from damaging his party's electoral chances. Back Page

A Gallup poll last night put the Conservatives down 1 point from before the Greenwich by-election to 36.9 per cent, Labour dropped 3.8 to 30.6 per cent and the Alliance were up 4.2 to 30 per cent.

Death Briton to appeal

Briton Derrick Gregory, of Isleworth, Middlesex, is to appeal against the death sentence passed on him by a Malaysian court for drug trafficking.

Reagan's rating rises

The US public's approval of President Reagan's job performance rose about 10 points after his speech on the Iran arms scandal, two TV polls showed. CBS said 51 per cent of people polled approved of his job performance against 42 per cent last weekend. ABC's poll put him up 10 points at 54 per cent.

Labour MEP win

Labour held on to its Midlands West European Parliamentary seat in the elections last night with a win for John Bird, but with a greatly reduced majority.

Heroin sentences

Steven Luben, 36, and Diane Feiner, 35, of Paddington, London, were jailed at Knightsbridge for four years for conspiring to supply heroin to pop star Boy George.

Visit 'provocative'

Soviet Embassy said a group of Britons, including Tory MP Hugh Dykes, was refused visas to visit Moscow because members planned to raise the matter of Jewish emigration, which was "provocative."

British Sugar fined

British Sugar was fined £2,100 at Bury for polluting the River Lark, near its Bury St Edmunds, Suffolk plant, and killing 15,000 fish.

Vanunu trial postponed

The trial of former nuclear technician Mordechai Vanunu, due to start in Jerusalem on Sunday, has been postponed after he fired his lawyer.

Campaigner sues police

Animal welfare campaigner Angela Walder, 42, of Minster, Kent, is suing the Metropolitan Police for alleged assault and battery, wrongful arrest and wrongful imprisonment, following her arrest during a demonstration at an East London animal market.

Transplant patient dies

Israeli cancer victim Michael Shirman, whose sister was until last November denied permission to leave the Soviet Union to give him a bone marrow transplant, has died.

BUSINESS SUMMARY

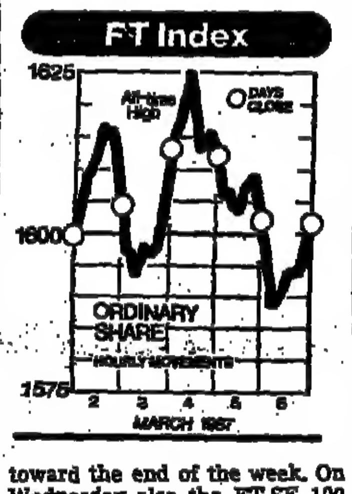
Ladbroke in rights issue

LADBROKE GROUP is asking shareholders for £304m, in Britain's largest rights issue since last May, to fund the growth of its core businesses.

The group also announced that pre-tax profits had advanced 35 per cent to £101.3m last year on turnover 31 per cent higher. Back Page

LUCAS CAV, the diesel fuel injection subsidiary of Lucas Industries, warned that its factory in Finchley, north London, might close with the loss of 500 jobs.

UK EQUITIES: The FT Ordinary Share Index climbed from a high at the start of the week, although it eased somewhat during trading on Tuesday. On Wednesday the index hit an all-time high, but fell



toward the end of the week. On Wednesday also the FT-SE 100 index rose for the first time above the 2,000 mark, closing at 2,002.7, but it too eased towards the end of the week. London Stock Exchange, Page 13

ROYAL ORDNANCE: Trafalgar House pulled out of the bidding to buy the state munitions business, leaving three companies still in contention. Royal Ordnance wins machine gun order, Page 6

FRENCH Government is to study public telephone exchange equipment made by the leading international telecommunications groups bidding for CGCT, France's second largest public switch-making group. Page 2

MARGARET THATCHER has intervened in the attempt by Cable and Wireless, the UK international telecommunications group, to enter the Japanese market, telling the Japanese Prime Minister she regards it as a test case of Japan's willingness to open up its markets. Back Page

VAUXHALL MOTORS, UK car subsidiary of General Motors of the US, is to stop exporting cars to the Continent at the end of the month, only three months after it resumed following a seven-year break. Back Page

LEYLAND: the British Government will have to find £680m to write off the accumulated debts and rationalisation costs at the former state-owned Leyland Truck and Leyland Bus companies, it was revealed in the Commons. Page 4

US and Soviet Union in arms breakthrough

BY ROGER MAUTHNER IN LONDON AND LIONEL BARBER IN WASHINGTON

THE SOVIET UNION and the US said yesterday that there had been a breakthrough in their arms negotiations in Geneva following Mr Mikhail Gorbachev's latest offer to reach a separate agreement on the elimination of medium-range missiles in Europe.

In a statement, President Reagan said: "The level, intensity and seriousness of the negotiations has brought us close to significant reductions in nuclear arms."

Mr Yuli Vorontsov, chief Soviet arms negotiator, told a news conference in Paris that he expected a treaty on intermediate nuclear forces (INF) to be ready for signature within three or four months following the latest round of talks in Geneva.

It was announced in Washington that Mr George Shultz, the US Secretary of State, would meet Mr Eduard Shevardnadze, his Soviet opposite number, in Moscow on April 13 to 16.

Mr Frank Carlucci, Mr Reagan's National Security Adviser, said that progress at the Moscow talks may make possible a summit meeting later this year between President Reagan and Mr Gorbachev.

The groundwork for an agreement on INF was laid at their abortive summit in Reykjavik last October. Final agreement on a sweeping arms control package was blocked at that time by Mr Gorbachev's insistence that it should be conditional on the acceptance by the US of curbs on its space-based defensive project, the Strategic Defence Initiative.

However, the Soviet leader's announcement last Saturday that he was prepared to abandon the linkage between cuts in medium-range weapons and curbs on SDI opened the door to a breakthrough in the Geneva negotiations.

After a meeting between President Reagan and his three top negotiators in Geneva at the White House yesterday, Mr Carlucci read out the statement from the President which said that he was "determined to maintain the momentum" of the arms talks and that was why Mr Shultz was being sent to Moscow.

Mr Max Kampelman, head of the US negotiating team in Geneva, said he believed that they had had "a good shot" at achieving an agreement and that substantial progress had been made in the talks.

However, a cautionary note was struck by Mr Maynard Glitman, leader of the INF negotiators, who said a lot of work still had to be done on verification procedures. He also stressed that any formal treaty

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Teachers vote to renew disruption

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MEMBERS of the two main teachers' unions in England and Wales will begin another series of half-day strikes next week after voting four to one to resume disruptive action.

Leaders of the National Union of Teachers and the National Association of Schoolmasters / Union of Women Teachers said yesterday that disruption of state schools would continue indefinitely in protest at the Government's imposition of a pay and conditions settlement and abolition of direct pay negotiations.

Mr Kenneth Baker, Education Secretary, appealed to teachers last night not to be "misled into a return to harmful and futile disruption." He said only about one-third of the 400,000-strong profession had voted for more action.

This proportion is almost certain to increase next week, however, when the third-biggest teaching union, the Assistant Masters and Mistresses' Association, concludes its ballot on a proposed half-day strike.

The ballot results declared yesterday mean a further extension of a pay dispute that began in April 1984. Since then, only one school term has been free of disruptive action by members of one or more of the unions.

The NUT and NAS/UWT had asked their members to "strike and take action short of a strike" in protest at the removal of negotiating rights, the imposition of a new employment contract.

Although votes were still being counted yesterday, the NUT said that by Thursday night 92,264 members (79.9 per cent of those stating a view) had supported further action and 23,277 had voted against. Turnout was put provisionally at 62 per cent of the union's state-school membership.

The NAS/UWT, which had finished its count, said 54,462 members (85.4 per cent of those stating a view) had supported action and 9,319 had opposed it. Turnout was 57.8 per cent.

The two unions will call on all their members in state schools to stage a half-day strike in the next fortnight. The rolling programme of stoppages, coinciding with regional rallies, will be announced on Monday.

It has yet to be decided what action will follow the strikes, but Mr Fred Jarvis, NUT general secretary, said the unions would inevitably consider options of working to contract, refusing to cover for absent teachers and boycotting the first teacher performance appraisal schemes in six education authorities.

Mr Fred Smithies, NAS/UWT general secretary, warned of "very substantial long-running trouble in the schools." He said "Even at this late stage, I invite Mr Baker to read the signs set out before him and to decide he really must follow a different path in the interests of the pupils in the schools"

The unions will, however, be wary of action which would require members to break the new employment contract to be imposed by the Government, specifying for the first time a duty to cover for absence, attend parents' meetings and prepare reports on pupils

They will also be conscious that the ballot turnouts were somewhat lower than in corresponding votes previously and that there was a relatively high total of 791 spoiled ballot papers, with a further 2,291 NUT papers said to be "abstentions."

This may reflect discontent with the open-ended nature of the question on the paper. Mr Baker said last night: "If Mr

Continued on Back Page

Clarke moves to heal rifts, Back Page

Sterling at six-month high in pre-Budget confidence

BY JANET BUSH

STERLING ENDED yesterday at its highest level since last August, buoyed by confidence prior to the Budget on March 17 and by the Bank of England's insistence that it will not allow interest rates to be lowered yet

The pound found consistent and heavy buying throughout last week and has risen by more than 4 per cent since the Paris accord between leading western nations to stabilise currencies on February 22.

Confidence spilled over into the UK Government bond market which saw prices rise a dramatic three points over the week as domestic and overseas investors took cheer from the strength of the exchange rate.

Sterling's trade-weighted index ended yesterday at 71.8, slightly down on the day's peak of 72.0 which was the highest level since August 19 last year, but still well up on Thursday's closing 71.4.

In London the pound surged more than 3 pfennigs to end at DM 2.9250 compared with Thursday's closing DM 2.8900. It even made ground against the US dollar, which was itself quite firm, to end at $1.5900 from the previous close at $1.5775.

The British authorities last week made strenuous efforts to damp down optimism pervading financial markets, but largely failed. They have been concerned not to allow market rises to get out of hand in the run-up to the Budget, partly to ensure a favourable response to the Chancellor's package.

The Bank of England repeatedly signalled to the domestic money market that it was not prepared to sanction a cut in base lending rates at this stage.

One sign that the Bank was concerned that the market was displaying a lack of control was its decision to carry out a spot-check late on Thursday into the books of discount houses.

The Bank normally runs these checks on a monthly basis but occasionally carries out extra precautionary checks if there is, for example, a suspicion that houses have been "overtrading."

In taking positions in both gilt-edged stock and bills, discount houses have to act within the limits of a complicated formula set out by the Bank. Unconfirmed reports were circulating yesterday that some houses may have traded outside these limits.

It is consistent with intense speculation of lower interest rates that discount houses should invest in short-term gilts and hold on to short maturity bills in substantial amounts in anticipation of base rate cuts.

The Bank's spot-check is believed to have been simply a function of its regulatory role during a volatile period in the markets rather than a further signal to discount houses to "cool off."

Money Markets, Page 13; Editorial Comment, Page 8

Belgian groups in IC Gas offer

BY LUCY KELLAWAY

TWO OF Belgium's largest financial and industrial groups have launched a partial tender offer for Imperial Continental Gas in a surprise counter to a similar offer mounted on Monday by SHV, a private Dutch company.

Tractebel, one of Belgiums largest holding companies, and Groupe Bruxelles Lambert, international investment group, are offering to pay 710p per share, valuing the whole of IC Gas at slightly more than £1bn. This compares with the 700p offer valuing the company at just less than £1bn, already on the table from SHV.

The Belgian companies have built a 14.95 per cent stake in IC Gas over the past year and are tendering for a further 14.3 per cent, to take their stake to 29.3 per cent.

Yesterday's offer caught both IC Gas and SHV by surprise. N M Rothschild, merchant bank and SHV's adviser, said it was too early to say how the company would react. IC Gas promised a statement on Monday.

Both offers were prompted by a plan, spelt out formally last Friday, to divide IC Gas into two, the Calor Group and Contibel Holdings, which will contain the IC Gas's Belgian investments.

Tractebel and the Groupe Bruxelles Lambert are primarily interested in obtaining a stake in the Belgian portfolio. Both companies are important investors in the same stocks that Contibel holds, and together they own 18 per cent of Petrolifan, the Belgian energy group, in which Contibel has a 7.2 per cent interest.

Mr Christopher Kemball of Dillon Read, investment bank and adviser to the Belgian companies said the tender was "pre-emptive action to prevent Contibel from falling into the wrong hands."

He would not comment on the group's plans for Calor, nor on the likelihood of a full offer for either Contibel or IC Gas being launched.

SHV said on Monday that its interest was in Calor which overlaps with SHV's own liquefied petroleum gas business, and said it had agreed to sell the Contibel shares if its tender succeeded.

Apart from the higher price, the new offer has been structured to match the SHV tender, which is for 23 per cent of the shares, and is the largest tender made in the UK.

Both tenders contain a top-up provision compensating investors who accept the tender in the event of a full offer being made for IC Gas or either of its two components.

Lex, Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.8445
FFr 6.137
SFr 1.555
Y153.575
London:
DM 1.8395 (1.8315)
FFr 6.12 (6.095)
SFr 1.55 (1.544)
Y153.40 (153.20)
Dollar index 103.9 (104.1)
Tokyo close Y153.56

US LUNCHTIME RATES

Fed Funds 6%
3-month Treasury Bills:
yield: 5.76%
Long Bond: 99¾
yield: 7¼%

GOLD

New York: Comex April latest $408.1
London: $407 ($410.75)

STERLING

New York lunchtime $1.5865
London: $1.59 (1.5775)
DM 2.925 (2.89)
FFr 9.73 (9.615)
SFr 2.465 (2.435)
Y244.0 (241.75)
Sterling index 71.8 (71.4)

LONDON MONEY

3-month interbank:
closing rate 10⅛% (same)

NORTH SEA OIL

Brent 15-day March (Argus) $17.45 ($17.25)

STOCK INDICES

FT Ord 1,601.4 (−0.6)
FT-A All Share 993.38 (−0.2%)
FT-SE 100 1,998.2 (−4.6)
FT-A long gilt yield index:
High coupon 9.29 (9.35)
New York lunchtime:
DJ Ind Av 2,273.48 (−2.95)
Tokyo:
Nikkei 21,105.85 (−70.18)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1,800; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden ... SFr 2.20.

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WEEKEND FT

SWAN LAKE

Next week, the Royal Ball... premieres a new production ... Swan Lake—which also mar... Anthony Dowell's debut ... artistic director.

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FINANCE

Once-exclusive gold cards a... now proliferating. But whic... are the best?

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SMOKING

Smoking is increasingly ... garded as anti-social ... b... giving up can be far from ea...

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MOTORING

The Geneva Show has ju... opened, and with it comes t... world's most costly car.

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BUSINESS BOOKS

A Weekend FT Special Repo...

Pages XV to XVII

OVERSEAS NEWS

French to conduct new tests for CGCT bids

By Paul Betts in Paris

THE FRENCH Government is to conduct new tests on the equipment manufactured by the telecommunications groups bidding for control of Compagnie Generale de Constructions Telephoniques (CGCT) before deciding which is to take over France's second-largest public switch manufacturing group.

The move, disclosed yesterday, is seen as an effort to pre-empt public criticism of the decision, due before the end of April.

AT&T of the US in partnership with Philips and SAT of France is competing for control of CGCT against Siemens of West Germany and its French partner Jeumont-Schneider, Northern Telecom of Canada, and Ericsson of Sweden which has linked up with Matra and Bouygues of France. The Italian Italtel group is also bidding but is given little chance.

Under lobbying from the US and West German administrations supporting their candidates, the French Government is anxious to demonstrate that its choice will be based on objective technical grounds and not on political ones.

It has decided to test again the current public switch equipment and technology of AT&T, Siemens, Ericsson and Northern Telecom to see which would be best suited to act as a second source of public switches to the French telecommunications authority, Direction Generale des Telecommunications EGT.

The switch chosen would become the second source to the public exchange systems supplied by Alcatel, the telecommunications subsidiary of France's Compagnie Generale d'Electricite (CGE).

The French authorities, however, have decided not to test again Italtel's equipment. This reflects the view that the Italian bid is not regarded as promising.

The frontrunners in the 18-month-long battle are considered to be AT&T, Siemens and Ericsson with Northern Telecom a strong outsider.

The French Government intends to shed ownership of the nationalised CGCT group for FFr 500m (£53m) to a French-dominated consortium linking French interests with one of the leading international telecommunications equipment makers. It is widely assumed, however, that the international group chosen will ultimately manage CGCT, the former French subsidiary of ITT nationalised by the Socialists in 1982.

The stakes are high because the successful candidate will gain access to about 16 per cent of the French public switch market with the possibility of increasing it.

Although AT&T was first off the mark in seeking to gain control of CGCT with its European partner Philips, it has faced an increasingly strong challenge from Siemens and Ericsson.

The affair has also split the French Government with the AT&T bid favoured by the DGT, Mr Gerard Longuet, the Telecommunications Minister, and Mr Alain Madelin, the Industry Minister. The Siemens solution is supported by some members in the Prime Minister's office and in the Finance Ministry.

Bonn increases tax cut by DM 5.2bn

By Peter Bruce in Bonn

THE West German Government decided yesterday to increase a planned DM 9bn tax cut next January by a further DM 5.2bn in an effort to boost economic growth and to meet a commitment made last month in Paris to its major Western trading partners.

The three parties in Chancellor Helmut Kohl's coalition settled on the increase during post election policy talks in the Chancellry.

The extra DM 5.2bn is being brought forward from the DM 44.3bn in gross tax cuts that the Government wants to make as part of a major tax reform in 1990.

Government officials said yesterday that DM 1.4bn of the extra money would be raised by increasing basic tax allowances. Some DM 300m would accrue from an increased education allowance and a further DM 500m from increasing special depreciation allowances for small businesses.

The remaining DM 3bn loss in tax revenue would result from a further "flattening" of the country's steep income tax curve.

Yesterday's talks completed a lengthy series of policy discussions between the coalition partners. Next week they plan to discuss the distribution of Cabinet posts, although this will have to be done quickly as Mr Kohl is scheduled to be formally re-elected as Chancellor on March 11.

John Elliott in New Delhi reports on fresh claims that Islamabad has developed an N-weapon

Net closes in on Pakistan's nuclear capabilities

A SERIES of events on one of Pakistan's leading English language newspapers, culminating in the sudden resignation of the editor, has this week *focused international* attention more than ever before on the possibility that Pakistan has achieved its aim of developing a nuclear weapon.

This follows the disclosure a week *ago* by Dr Abdul Qadar Khan, Pakistan's leading nuclear scientist, that his country has a nuclear bomb. He said that while Pakistan does not want to use it, "if driven to the wall there will be no option left."

His claims, subsequently officially denied in Pakistan, come at a time when Indo-Pakistan border relations have been *at their most unstable for* several years, and when the US Congress is debating a new $4bn (£2.6bn) package of economic and defence aid for the country.

If true, they could escalate nuclear proliferation on the Indian sub-continent because there is widespread and growing support in India, which exploded what it euphemistic*ally called a "peaceful nuclear* device" in 1974, openly to re-*embark on a nuclear weapons* programme. Mr Rajiv Gandhi, the Indian Prime Minister, has warned about this in the past and this week said India would do everything necessary to *defend itself*.

Dr Khan has made other claims about Pakistan's nuclear capability in the past. His latest remarks, as reported last Sunday by Mr Kuldip Nayar, a *distinguished Indian journalist*, in the Observer of London and a Canadian and Hong Kong newspaper, may also have been sidelined as yet another in an unconfirmed series of claims about Pakistan's nuclear capability.

But the story has been given a new and controversial credibility which means it cannot be so easily dismissed. Mr *Mushahid Hussein, 38-year-old* editor of the English-language Muslim newspaper, who organised the interview and accompanied Mr Nayar, ran the same story in his paper.

He then wrote an editorial which said it was time Pakistan openly admitted its nuclear capacity. "For too long the Government here has been denying what is obvious to most," he declared. *After some* later *self-contradictory* statements, he resigned on Thursday.

During the week there have been claims and counter-claims *about whether the interview* was pre-planned, whether it was merely a tea-time chat, and what was said. Reports from Islamabad insist that Dr Khan says he was tricked into giving *the alleged interview because* Mr Nayar was taken without permission to Dr Khan's house by Mr Hussein who was delivering an invitation to his wedding ceremony.

Mr Nayar however stands by his reports and his words, backed by Mr Hussein's writings, have more credibility. He says the interview was planned well in advance, in response to *repeated requests* he had made to meet Dr Khan over a number of years. He says it lasted over an hour and the nuclear issue took up virtually all the time.

Dr Khan lives in a closely *guarded house in wooded* grounds outside Islamabad and could presumably only be met by someone cleared by security guards. This suggests that the meeting was known about in *some section* of the Pakistan establishment.

"I do not believe the interview was given without the OK from someone high up," says Mr Nayar. "Dr Khan could not have given it without someone knowing because the place is littered with intelligence people. So I personally think it was an intentional leak."

The argument against it being a leak is that it goes against Pakistan's stated peaceful-nuclear development policy and against its interests because proof of a nuclear weapons capability could stop the US granting the new five-year tranche of aid.

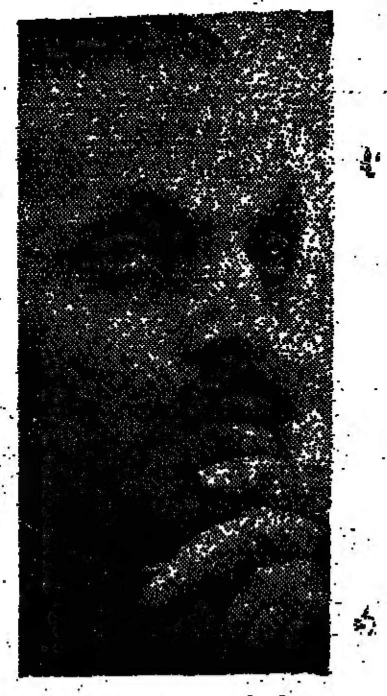
But there is a strong lobby in Pakistan — including scientists like Dr Khan, top army officers, and Mr Hussein — which believes it should be open about its nuclear capability. They want *the same sort of respect that* Iran is now winning from the US as a nation to be reckoned with.

Some observers believe that President Zia ul-Haq may belong to this group. It is even possible he knew about the interview in advance, without telling Mr Mohammed Khan Junejo, his Prime Minister, who is now having publicly to handle the political spin-off. If such a view is correct Mr Hussein's job may have been the sacrifice made by the group to enable the Government to save face.

If that theory is true, the interview was probably aimed primarily at warning India because it was given on January 28 when the Indo-Pakistan border confrontation was at its height. Mr Nayar's other commitments, and the Observer's need for time to sell the interview elsewhere, delayed publication until last Sunday. This has caused it to be read in the context of the US Administration notifying congress of its intention to amend its foreign aid legislation — known as the Symington Amendment — to allow support to be given to countries with un-safeguarded nuclear equipment.

Proof of a bomb could upset this US Administration line. But Dr Khan and his compatriots probably calculate that Pakistan is so important to the US because of the Soviet occupation of Afghanistan, and because of broader strategic issues, that it would still get the economic aid and advanced weaponry it has been promised.

Of course Dr Khan's reported remarks do not prove anything. It is still not known whether Pakistan actually has just one unsophisticated nuclear device ready or several fully developed bombs, nor *whether it has* the necessary sophisticated capability to deliver them. But the events of this week have undermined the credibility of both Pakistan's nuclear denials and US attempts to *turn a blind eye*.



Zia — did he inspire the leak?

MEMBERS OF Pakistani and Indian communities this week staged separate demonstrations in Washington and took different positions on the sale of US Awac radar aircraft to Pakistan, AP reports from Washington.

The rallies were held as hearings were under way in Congress on a related question: the issue of whether Pakistan has developed an atomic bomb, which under US law could bar it from US aid.

Police said about 450 people demonstrated against the sale of US Awac aircraft to Pakistan, while about 650 demonstrated for the sale.

Dr Prasad Chalsani, an Indian organiser of one demonstration circulated copies of an open letter saying the sale "could delay the announced departure of Soviet troops from Afghanistan." Peace in the region could be better promoted if the US worked "toward building genuine democracy in Pakistan."

Black retailers offered shares

BY JIM JONES IN JOHANNESBURG

ABOUT 8,000 black South *African retailers are to be* offered shares in Coco-Cola's former soft drinks bottling business with the American company's disinvestment f rom South Africa.

It is the first attempt by a disinvesting American firm to ensure that black South Africans acquire direct stakes in the local operation.

The retailers are being offered 10 per cent of Amalgamated Beverage Industries (ABI) for about R10m (£3m). Until its disinvestment late last year Coca-Cola owned 30 per cent of *ABI, which is the largest dis*tributor of soft drinks in the Johannesburg, Pretoria and Durban areas.

As an interim measure while seeking a means for black *shareholder participation* Coca-Cola transferred its ABI shareholding to National Beverage Services (NBS), a newly-formed holding compnay.

The offer has been made possible by South African Breweries (SAB) and Cadbury Schweppes waiving pre-emptive rights to Coca-Cola's ABI shares

SAB will, however, increase *its ABI shareholding from* 55 per cent to 70 per cent while Cadswep will raise its holding from 15 per cent to 19 per cent. The remaining 1 per cent of ABI's equity is to be offered to *ABI's 3,500 employees*.

Mr Peter Lloyd, ABI's chairman, says the sale will take some time to complete. Many of the retailers run small businesses and are not familiar with share ownership. The company is preparing an information programme for the prospective new shareholders.

Coca-Cola has closed its South African concentrate plant and is building another in Swaziland. Like its South African predecessor, the Swazi plant will be the principal supplier of concentrates to all countries in the *sub-continent and as far north* as Zambia and Malawi.

Mr Fred Meyer, Coca-Cola's chief executive in South Africa, says selling shares in the concentrate plant could have put product formula secrets at risk. The Swazi plant, like others around the world, will be wholly-owned by Coca-Cola.

Greece moves to take control of oil group

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S Socialist Government yesterday tabled a bill permitting the State to assume control of NAPC, the international consortium developing offshore oil deposits in the north Aegean Sea, with or without the agreement of the interested foreign company.

The Government's original announcement of a planned State take-over of NAPC last month took the consortium by surprise. It provoked the furious reaction of Denison Mines of Toronto, the leading company in the consortium, which has said it is not willing to sell its interest.

NAPC is the largest foreign investment in Greece with an original project cost of $700m.

Yesterday's bill provides for two months' of "free negotiations" which may be extended at the Government's discretion, for the Government's purchase of part or the whole of their share in NAPC. In the absence of negotiations, the bill allows the compulsory state take-over of 51 per cent of the NAPC shares.

As soon as the bill becomes law, all oil exploration in the Aegean must be halted. Denison has said that it intends to start drilling for oil 10 miles east of the island of Thassos by April 1.

The NAPC affair has revived frictions between Greece and Turkey, which are locked in a dispute over continental shelf rights in the Aegean.

Ankara warned Greece this week not to explore for oil beyond its six-mile territorial waters limit "otherwise Turkey will take the necessary measures to safeguard its rights and interests in the Aegean."

Venezuelan utility warns of bankruptcy

BY JO MANN IN CARACAS

VENEZUELA'S largest private *sector company*, La Electricidad de Caracas, warned yesterday that it will be forced into bankruptcy by 1990 unless the Government agrees to allow substantial increases in its electric power rates.

Mr Francisco Aguerrevere, said that his utility's ability to repay $622m (£406m) in foreign debt would be seriously impaired unless rate increases of up to 63 per cent were put into effect this year.

Le Electricidad, which supplies electric power to the Caracas metropolitan area, is considered one of the most *efficient private companies in* Latin America, but it has been hit hard by successive devaluations of the local currency due to its large foreign debt.

The Government, which decides on all rate increases for utilities, granted La Electricidad a 30 per cent general rate increase from January 1 this year, but is very reluctant to permit further rises

The electric company had sales totalling $158.6m in 1986 and showed a net profit of $19.3m. But the company says that following devaluations of the Venezuelan bolivar last *year, its heavy foreign debt* service will produce major financial losses and will push the company into bankruptcy by the end of the decade. If rates are not increased the company projects total losses of over Bolivars 3bn (£137m) for the 1987-1989 period.

For many years La Electricidad earned solid profits and was considered a prime blue chip company on the Caracas stock exchange. But today *it* is paying penalty fees on part of its foreign debt since it is behind on principal payments.

The company has not been *able to repay principal* because the Government ordered the central bank not to disburse funds for these payments until terms of a new foreign exchange agreement are worked out.

In another announcement, Mr Manel Azpurua, Venezuela's Minister of Finance, said the Government and international banks have reached a tentative agreement to reschedule $300m in foreign obligations owed by the Banco de los Trabajadores (Venezuelan Workers' Bank), a government-controlled institution.

Jamaica and Paris Club agree rescheduling deal

BY GEORGE GRAHAM IN PARIS

JAMAICA has won a rescheduling agreement for $25.5m of its official foreign debt from the Paris Club, the group of creditor nations which renegotiates official government-to-government loans.

Mr Edward Seaga, Jamaica's Prime Minister, said the rescheduling would allow the country to release funds for increased spending on social programmes.

The Jamaican delegation led by Mr Seaga will travel to New York on Monday to meet the consultative committee which represents commercial banks in debt renegotiations with the country. Jamaica's total debt is estimated at $3.2bn.

Under the Paris Club agreement arrears due in the past nine months of 1986 will be rescheduled over six years with a grace period of two and a half years. Payments due this year and in the first three *months of 1988* will be spread over 10 years with a grace period of five and a half years.

US unemployment steady at 6.7% in February

BY LIONEL BARBER IN WASHINGTON

US UNEMPLOYMENT held steady at 6.7 per cent in February for the third straight month the Labor Department reported yesterday.

Manufacturing employment, a key political issue in the light of protectionist trade pressures in Congress, rose by 50,000. The department said this was in large part due to strikes ending in the steel sector and warmer weather causing more *construction workers to be* hired than usual.

In the service sector a smaller number of hirings for the *Christmas season meant* there were fewer people to lay off in January. These two variations accounted for 300,000 of the 374,000 increase in jobs last month the department said.

*The figures are generally in*conclusive about the strength of the US economy but they show a big jump in the number of people in part-time employment up 275,000 in February to 5.58m.

Overall 7.97m people were out of work last month.

Syria, Iran at odds over Beirut policy

By Our Middle East Staff

A SERIOUS rift between Syria and Iran, allies against Iraq in the Gulf conflict, was clearly indicated yesterday by the unexpected arrival in Damascus of Mr Mohtashemi-Pour, Iran's Minister of the Interior.

His arrival followed the Iranian leadership criticism of the killing on February 24 of 23 militant Hizbollah ("Party of God") Shi'ites by Syrian troops after their occupation of West Beirut.

Two days later in a little-noticed broadcast by Radio Monte Carlo President Hafez al Assad of Syria was quoted as saying that all Arabs would unite against Iran if Basrah fell to the Iranians.

Western diplomats believe that the statement attributed to him by a station respected in the Arab world was prompted by a looming confrontation between the Syrian army in its efforts to suppress the militias in West Beirut and the Iranian-inspired extremists of Hizbollah.

Syria has shown signs of *mounting concern about the* increasing influence of Shi'ite militants in Lebanon committed to the establishment of an Islamic Republic in direct confrontation with Israel. For its part Iran is committed fully to its protege.

Tehran dispatched Mr Ali Akhbar Velayati, Foreign Minister, and Mr Modsen Rafiq-Dost, Revolutionary Guards Minister, for talks in Damascus the day after the Syrian intervention. They apparently left just prior to the clash at the Fathallah headquarters of Hizbollah in *the Basta district of West* Beirut where a number of Western hostages were believed to have been held, which resulted in the 23 Hizbollah deaths.

The arrival of the Syrian In*terior Minister may have been* prompted by the growing expectation that Syrian troops will move against the southern suburbs of Beirut where Hizbollah's armed followers are concentrated.

Shultz backs Korea elections

MR GEORGE SHULTZ, the US Secretary of State, said yesterday that Washington supported South Korean aspirations for free and fair elections and respect for human rights.

Speaking at a news conference during a short stopover on his way back from China, Mr *Shultz said the US was in favour of moderation* and nonviolent change in the country. President Chun Doo Hwan, who took power in a military coup in 1980, had an historic oppor*tunity to transfer power* peacefully for the first time in the country's history, he said.

Stoppages by quality control officers cut Soviet production

BY PATRICK COCKBURN

THE introduction of strict Soviet quality controls at 1,500 machine building enterprises from the start of this year stopped 60 per cent of them from fulfilling their production targets for January, the state news agency Tass reported yesterday.

This confirms reports that the work of the Gospriomka, the *new centrally controlled state* quality control organisation and a central element in the Kremlin's plans for better technology in industry, was largely responsible for a drop of 7.9 per cent in the output of the Soviet machine building industry in January compared to the figure for January 1986.

Production lines at the Kamaz *heavy truck plant* and Gomselmash enterprise producing fodder harvesting machinery were among those stopped several times during the winter at the insistence of quality con*trol inspectors*.

"Without such stoppages there will be no improvement," Mr Georgy Kolmogorov, chairman of the USSR state committee for standards, said. He is in charge of the new state quality control system.

About 50 per cent of total industrial output and 60 per cent of machine building is now checked by state quality control inspectors before it leaves the factory in bad to reduce the production of poor quality goods.

Last month Mr Boris Yeltsin, *the Communist Party chief for* Moscow, said that 23 out of 59 enterprises where Gospriomka is working in the capital had failed to meet their targets in January.

The new organisation *is* also in charge of reorganising work to remedy flaws. Greater emphasis on relating pay to productivity is intended to give the labour force an incentive.

● Mr Yevgeny Kondratkov, the former Light Industries Minister in the Russian Federation, has been sentenced to 12 years in a labour camp for corruption, according to the daily Socialist *Industry. It said* that bribery, patronage, servility and mercenary spirit had grown in the Ministry of Light Industry while he headed it.

Lack of revolutionaries in USSR, says folk singer

BY OUR FOREIGN STAFF

ONE of the Soviet Union's most popular folk singers said yesterday that his country was going through a cultural revolution but lacked revolutionaries, Reuter reports from West Berlin.

Mr Bulat Okudzhava said he was less optimistic about liberalisation under Soviet leader Mikhail Gorbachev than many colleagues.

"Some believe we have already solved the problems, but *what we have is only a new* tendency . . . We have in the past already seen attempts to get the country out of its difficult position and unfortunately hese ended sadly." Mr Okudzhava said.

"W see a revoluion going on, but we have a lack of revolutionaries to carry it out," he added.

"In general, society is badly prepared . . . But I hope the process continues and takes a deeper root," he said.

Mr Yelem Klimov, reforming head of the Soviet Film makers Union, said he was more optimistic that the relaxation of censorship would survive.

"I could say that in 200 years of Russian history, there has never been such a relationship of goodwill between artistes and the authorities," he said.

The artistes are among a number of Soviet artistes in West Berlin this weekend to explain new trends in Soviet culture.

IMF urges Belgium to make more spending cuts

BELGIUM, AFTER making big state spending cuts in spite of nationwide strikes, has been urged by the International Monetary Fund (IMF) to make yet more economies in 1988, Reuter reports from Brussels.

An *IMF* team was in Belgium recently and its report, available yesterday, praises steps designed to cut 1987 state spending by BFr 195bn (£3.3bn).

But it favours new cuts to stop Government debt of more than BFr 5.5 trillion (million million) going out of control.

Given taxes already among West Europe's highest, it says that "your position would be stronger if you could decide on rather sharp expenditure reductions in 1988."

The centre-right coalition would face considerable risk in accepting such advice.

Thatcher throws her weight behind C & W

Ian Rodger and **David Thomas** analyse efforts to win Tokyo deal

MRS THATCHER'S intervention in the increasingly complex manoeuvres over who is to supply Japan's second international telecommunications service has come at just the right time for Cable and Wireless, the UK telecoms group which is a leading member of IDC, one of the two consortia bidding for the franchise.

Both consortia have now completed their feasibility studies. IDC members are convinced that the outcome, which may not be known till the summer, will now be determined as much by political lobbying, as by the technical merits of each bid.

An earlier attempt by Mr Paul Channon, Trade and Industry Secretary, to beat the drum in Tokyo on behalf of foreign participation was widely seen as ineffectual. Hence, the importance which IDC members are attaching to the fact that Mrs Thatcher is watching the outcome very closely.

On the one side, many Japanese groups are pressing for a merger of the two contestants and the virtual removal of C and W as an active partner in the merged venture.

Discussions among the leading shareholders of both consortia, but excluding C and W, are to be held next Tuesday.

Toyota, the Japanese motor group, may play a crucial role in deciding the outcome. Toyota, a shareholder in both groups, is apparently having difficulty deciding whether or not to support the merger proposal or to continue to back the more independent group in which C and W is a participant.

The laest merger proposal, advanced by Mr Fumio Watanabe, a leading businessman enlisted by shareholders of both consortiums, would see C and W's share reduced to 3 per cent. It has 20 per cent in the IDC consortium.

On the other side, British Government officials have pressed the Ministry of Posts and Telecommunications (MPT) to consider the two proposals separately and objectively.

"I would like to see a fair evaluation of that (IDC) bid because I think it would win." Mr Robert Priddle, an undersecretary in the UK Department of Trade and Industry with responsibility for telecommunications, said in Tokyo yesterday.

Mr Priddle has just completed two days of talks with MPT officials on a variety of telecoms issues. He argued that the IDC proposal offered real competition, unlike its rival.

Mr Priddle said the UK Government had the impression that "successive obstacles" were being placed in the way of the IDC proposal.

He has been assured by Mr Shunjiro Karasawa, the MPT minister, that the principle of foreign participation was not a problem and he was able to assure MPT officials that C and W would not have control of the IDC consortium.

However, the ministry remained opposed to the participation of a foreign telecoms carrier in this business, for reasons that were "not adequately justified or explained," according to Mr Priddle. Also, the process by which the consortiums were being evaluated did not see mto be open and competitive. He said he "particularly valued" an assurance that MPT was not directing the effort to amalgamate the two groups.

There have been suggestions, which Mr Priddle acknowledged having heard, that MPT has a vested interest in seeing KDD, the present monopoly supplier of international communications in Japan, remain the dominent force in this sector partly because many senior MPT civil servants go to work at KDD in their retirement.

He then sought an assurance that if the terms of amalgamation were unacceptable to one of the groups MPT would be prepared to accept applications from both groups. He said the MPT declined to give such an assurance.

Mr Priddle parried a number of questions from Japanese reporters pointing out the lack of foreign participation in the *international telecoms sector in* other developed countries and wondering why Japan should differ.

He said that both the Japanese and the UK Governments were agreed on the desirability of introducing more competition to the world telecommunications industry. The UK was opposing restrictions on foreign ownership not only in Japan in this sector but also in Canada where foreign shareholdings in Teleglobe Canada are to be restricted.

"It is not characteristic of Japan to say that something is undesirable because it is new." he said. "According to one Japanese newspaper report yesterday, British Telecom, which has close relations with KDD, would be invited to join the proposed amalgamated venture.

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OVERSEAS NEWS

Swedes probe their own Irangate affair

Sara Webb reports on inquiries into arms sales to Iran and other Mideast nations

THE SWEDES, ever sensitive to the opinions of the outside world, are beginning to wonder whether they have an Irangate style scandal on their hands.

For two years, customs and police have been investigating allegations that Bofors and Nobel Chemicals — now part of financier Mr Eric Penser's Nobel Industries group — sold land-to-air missiles, explosives, and gunpowder to Iran and other countries in the Middle East from 1979, in clear violation of Swedish law.

True, there is no evidence that the proceeds from arms sales were siphoned into the pockets of the Contras. The question people are asking, however, is to what extent members of the Swedish Government were involved.

The Swedish Peace and Arbitration Society (known as SFSF) which made the original claims that Bofors Robot 70 missiles had been sold to Iran, Bahrain and Dubai via Singapore, has suggested that Mr Mats Hellstrom, the former Minister for Foreign Trade, must have known that Swedish arms were being smuggled to the Middle East, though Swedish law forbids arms exports to countries in areas of conflict.

Mr Hellstrom was Foreign Trade Minister from 1983 to 1986 and was therefore responsible for clearing arms exports agreements. Political insiders have suggested that his surprise appointment as Minister of Agriculture last autumn was meant to move him out of the limelight.

Mr Bengt Westerberg, leader of the Liberal Party, has called for the Social Democrat government to set up a separate investigation into the role of ministers in the arms smuggling case.

Mr Sten Andersson, the Foreign Minister, has said he is willing to set up such a investigation. It is not clear whether past trade ministers ever questioned why Singapore was buying large quantities of arms from Sweden.

Prime Minister Mr Ingvar Carlsson has denied government involvement in the Nobel Affair.

There are four investigations going on. Customs officers recently completed a 6,000-page report on Nobel Chemicals, which is in the hands of the prosecutor, Mr Stig Age.

Customs investigators claim that a Swedish arms dealer has supplied Iran with several thousand tonnes of gunpowder and explosives produced by Nobel Chemicals, Muiden Chemicals of Holland, and PRB of Belgium, among others.

A separate police investigation into whether Bofors sold its Robot 70 missiles to Iran has been delayed because of the death of Mr Carl-Fredrik Algernon, the armaments inspector who was responsible for liaising between the Foreign Trade Minister and arms vendors.

Mr Algernon died when he fell in front of a train in January. The Stockholm murder squad says it has found no evidence that he was murdered, but this has led some people to speculate that Mr Algernon committed suicide. He had been helping the police with their investigation into Bofors and was due to provide further information.

The armaments inspection office started an investigation into whether the number of missiles manufactured by Bofors tallied with the number of export orders and recorded sales to the Swedish armed forces.

Nobel Industries is due to present the results of an internal investigation next week. The group has chosen to remain silent during the course of the inquiries, but amid recent speculation that the arms smuggling affair was somehow linked to the murder of Prime Minister Olof Palme over a year ago, there has been pressure on both the government and the company to act.

Mr Anders Carlberg, managing director of Nobel Industries, said he could not guarantee that employees of Nobel Industries had not been involved in selling arms to Iran.

In fact, Nobel Industries has had close contact with Iranian officials over recent years. A Nobel subsidiary signed a contract during the Shah's regime to build a chemicals factory at Isfahan. After the Shah's downfall, work was resumed on the factory and Nobel employees worked in Iran until autumn 1986 when the factory was completed. It was bombed during an Iraqi air attack.

A Nobel official said: "We had a lot of contact with Iran, both in Tehran and Karlskoga (the Swedsih town where Nobel is based)."

Mr Martin Ardbo, managing director of Bofors Nobel Industries' ordnance division, yesterday resigned, writes Sara Webb.

Mr Ardbo was quoted in thte Swedish press as saying that the Swedish authorities responsible for dealing with arms export licences were aware all along of the company's activities in the Middle East. He was also named in the press as one of the chief suspects in the investigation.

Palme inquiry criticised

MR HANS HOLMER's decision on Thursday evening to leave his joh as head of the Stockholm police force and "adviser" to the investigation into the murder of Mr Olof Palme, the Swedish Prime Minister, has opened the door to further criticism of the way the year-long investigation has been conducted.

Mr Holmer was replaced as head of the police investigation last month when friction between the police and prosecutors forced the government to intervene and reorganise the investigation.

"My misgivings over the new investigation have been borne out. It's not working, so I'm leaving," said Mr Holmer. He claims that over the last month the hunt has been hampered by bureaucracy.

He has been seathing of the suggestions to hypnotise Mr Palme's widow, Lisbet, and offer a reward for information.

He has also criticised the old organisation, saying that the prosecutors wanted to treat the murder hunt as a routine investigation.

UN envoy denies Afghan peace talks breakdown

BY WILLIAM DULLFORCE IN GENEVA

THE United Nations mediator at indirect peace talks in Geneva between Pakistan and Afghanistan yesterday denied that the negotiations had broken down.

Mr Diego Cordovez acknowledged, however, that there was still "tremendous distrust and suspicion."

The talks are due to resume on Monday with a fresh proposal for the withdrawal of 115,000 Soviet troops fighting the Mujahedin guerrillas, the only obstacle to a settlement of the seven-year conflict, Mr Cordovez said.

Three elements of a settlement have been agreed: a Pakistan-Afghan accord on non-interference and non-intervention; provision for the voluntary return of millions of Afghan refugees; and declarations by the US and Soviet Union guaranteeing the settlement.

Mr Cordovez gave no details of the latest proposal but it is understood that Moscow is seeking 22 months in which to withdraw.

The Pakistani Foreign Ministry said it considered three to four months to be a "reasonable" period.

Raids by Afghan bombers on Pakistani villages near the border last week, resulting in over 100 deaths according to US reports, have complicated the negotiations. The US State Department said the attacks were "a crude attempt" to intimidate Pakistan and said they contrasted sharply with assurances from Moscow and Kabul that they sought a negotiated settlement to the Afghan conflict.

Kampuchea peace move

BY JOHN MURRAY BROWN IN JAKARTA

THE SOVIET UNION is to propose a new time table for the withdrawal of Vietnamese troops from Kampuchea to breathe life into stalled peace negotiations.

The plan, advancing the 1990 deadline set by the Soviet-backed Hanoi Government for the withdrawal of its 140,000 troops in neighbouring Kampuchea, was reportedly relayed to Indonesian officials this week by Mr Natwar Singh, the Indian Minister of State for External Affairs.

It is not known by how much the plan seeks an advance of the 1990 deadline.

Reuter reports from Bangkok: A Vietnamese Foreign Ministry spokesman said Hanoi would not withdraw its troops from Kampuchea unless leaders of the Khmer Rouge, accused of killing hundreds of thousands of people during its 1975-79 rule, were eliminated.

UK NEWS

David Churchill explains how design skills have helped a leisure craze of the 1960s recover its popularity

Tenpin bowling strikes back with a sophisticated image

TEN-PIN BOWLING, the sports craze of the 1960s which fizzled out in the 1970s, is making a surprising comeback in the late 1980s.

The revival is spearheaded by baby boomers of the 1960s returning nostalgically to the bowling alleys of their youth—and this time bringing their families.

There has also been a rediscovery of tenpin bowling by today's teenagers and young adults eager to find new places to socialise, and the alleys have capitalised on the fitness craze.

"The revival started about a year ago for us and took us all a bit by surprise," says Mr Ian Freeman, marketing manager for the First Leisure Group which has five alleys in the UK. First Leisure's bowling operation has experienced a 20 per cent increase in turnover during the past year.

AMF Bowling, the largest UK operator with 17 alleys, reports a 25 per cent increase in turnover in the past three years. "The popularity of tenpin bowling is now becoming as good, or better, than it was during the 1960s," argues Mr Brian North, AMF's managing director.

The British Tenpin Bowling Associaton, the sport's governing body, now has 40,000 members who bowl on an organised basis compared with a low of 9,000 in 1970. More important, there are now at least 500,000 players who bowl regularly.

At its peak, there were more than 200 tenpin bowling alleys in the UK, mainly converted cinemas. This slumped to just under 60 during the 1970s and has since declined to about 50, including eight operated by the US Air Force.

But the alleys that remain are a far cry from those of the 1960s.

Tenpin bowling first came to Britain with the US armed forces during the last war. But it became a commercial proposition in 1960 when a cinema at Stamford Hill, London, was converted into a 14-lane bowling alley.

Falling cinema attendances encouraged other cinema owners to convert to bowling alleys—but with little thought about the long-term consequences of cashing in quickly on the boom.

"In the US bowling was Young America; it was rock 'n roll. In Britain, it just became seedy," says Mr Harold Silverman, a design expert whose company, Marketplace Design, has become a major force in refurbishing bowling alleys.

About three years ago AMF decided it had to do something about the bowling alleys it had acquired during the 1970s. AMF, a subsidiary of a US company, had for many years been a leading supplier of bowling alley equipment. When its customers started going out of business, it was forced into taking them over to recover debts.

Few bowling alleys had any maintenance or refurbishment expenditure devoted to them, a factor which hastened their decline in the 1970s.

"It was a question of either letting them decline further or trying to upgrade them to attract people back," says Mr North.

Roger Taylor

Bowled over: youngsters flock back to the newlook bowling alleys, now boasting such accessories as automatic scoring machines

Mr Silverman already had experience in the US of revamping bowling alleys and was called in by AMF to give a new look to the ailing alleys. The first refit was at Weston-super-Mare, and then at Hemel Hempstead. Major refurbishments of several other alleys, especially the ones at Southend, Lewisham, south London, and Nottingham, followed.

The alleys were not just made to look good. Steps were taken to create a more attractive environment, with quality snack bars and restaurants and other entertainment facilities.

The image created is a combination of West End wine bar, high street fast-food chain, and efficient sports centre. The bowling equipment has also been brought up to date to take account of the latest technology, including automatic scoring systems on video.

"The idea was to capitalise on the trend towards sophisticated leisure facilities for the family while basing our appeal on the centre's sporting activities," says Mr North.

AMF's design-led revolution—which so far has cost about £10m — has been followed to a lesser extent by First Leisure, Granada, and some of the independent alley operators wh[o] still account for about half [of] UK bowling alleys.

But while investment [has] helped stimulate the spo[rt's] revival, it does not explain [the] sudden popularity of ten[pin] bowling.

"I think people were look[ing] for a sports activity that [was] less demanding than squash [and] also provided some mod[ern] leisure facilities," suggests [Mr] Freeman.

Clearly, nostalgia for [the] 1960s has played an import[ant] part. Mr Christopher Rouse[,] vice-president in charge [of] development for the Coptho[rne] Hotels group, is typical of th[ose] who played tenpin bowling a[s a] teenager and have recently [re]turned to the sport.

"I wanted a sport to play [on] a Sunday afternoon which c[om]bined some exercise with [a] pleasant afternoon out," [ex]plains Mr Rouse, 37.

But the game is also attr[act]ing a new generation of 16[-]22-year-olds for whom bowl[ing] has a novel appeal. Th[ese] people, moreover, take th[eir] bowling seriously. "We d[o] get many kids out to m[ake] trouble," says Mr North.

Bowling alley operators [re]main confident that the upsu[rge] in the game's appeal will not [be] a short-term phenomenon, [but] will fit into the new pattern [of] leisure activities in the [late] 1980s.

But they remain hopeful t[hat] television exposure might [also] emerge. "Putting the game [on] Channel 4 could do as much [for] us as it did for American fo[ot]ball," says Mr North.

Beecham claims patent rights on Glaxo's anti-vomiting drug

BY TONY JACKSON

BEECHAM, the UK drug company, said yesterday it was developing a drug against migraine and vomiting and claimed it had patent rights restricting the use of a similar drug being developed by another UK drug company, Glaxo.

The Beecham drug, code-named BRL43694, belongs to a new class of drugs called 5-HT3 antagonists.

Glaxo's announcement last December that it was developing a drug of this type was the main reason for a rapid rise of 15 per cent in the price of its shares, adding almost £1bn to the group's stock market value.

Beecham's drug, which will be presented to a meeting of the British Pharmacological Society on April 8, is in the early stages of clinical trials.

It is being tested for use against migraine and vomiting, whereas the Glaxo drug—at a similar stage of development—is being tested for use against anxiety, schizophrenia and vomiting.

Both drugs are expected to be used with cancer drugs, many of which cause vomiting as a side effect.

Beecham said: "Our drug is different from Glaxo's as a chemical entity and we were the first to notice its anti-emetic activity. We have applied for a use patent which covers Glaxo's product for use in cancer chemotherapy."

Glaxo said: "We feel we are covered in this situation. We have a prior claim for anti-emetic utility."

Mr Ian White, of Greenwell Montagu, the stockbroker, said: "The Glaxo patent covers gastric stasis, symptoms of gastrointestinal dysfunction and nausea. It seems reasonably clear that prevention of vomiting in people receiving cancer chemotherapy is not one of these."

If Beecham were to make its claim stick, it is believed that it would be entitled to prevent Glaxo from marketing its own product — code-named GR38032F — as an anti-emetic without Beecham's permission. Beecham would not, however, have the right to market Glaxo's product.

Prescription for anti-emesis is less commercially important than either migraine or anxiety and schizophrenia. However, it could be the earliest use allowed for either drug.

Beecham's shares closed 19p higher at 562p, while Glaxo's fell £$\frac{5}{16}$ to £15$\frac{5}{16}$.

Disclosure on Guinness 'inadequate'

LAWYERS REPRESENTING Guinnes claim they have not been given full details about the payment of £5.2m to Marketing and Acquisition Consultants, a Jersey company, allegedly as part of an illegal share support scheme at the time of the Distillers takeover battle.

In Jersey's Royal Court yesterday, the Guinness lawyers said that Marketing and Acquisition Consultants and Mr Michael Dee, its Jersey director, who were said to have been paid the money on the orders of Mr Ernest Saunders, former chief executive of Guinness, and made "some form of disclosure."

However, they said the information given was totally unsatisfactory and did not comply with court orders requiring them to give full detailsa bout the £5.2m.

This was denied by lawyers for the Jersey company and Mr Dee. The Royal Court decided to hear both sides of the argument on Wednesday, when Guinness will try to obtain further information from Marketing and Acquisition Consultants about the unexplained payment.

However, Marketing and Acquisition Consultants has said it will strenously resist any attempt by Guinness to extend the orders already grantaed to it by the Jersey court.

The court also agreed yesterday to extend injunctions preventing the movement of the money to include the Midland Bank in Jersey as well as National Westminster, which have both received some of the money.

Both hankse have complied with the court's orders and revealed all the information they have. However, it is not known whether this confirms an alleged connection between the Jersey company and Mr Thomas Ward, the Guinness director.

Troubled private shipyard aims for refinancing deal

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BROOKE MARINE, the Lowestoft naval shipyard privatised two years ago, is negotiating a refinancing deal to overcome a severe shortage of orders.

Mr Fred Henderson, the managing director, is understood to have had extensive talks with financial institutions in London this week, and a formal announcement is expected next Wednesday.

Mr Ramsey Ross, the company secretary, said there was no truth in rumours that Brooke Marine was on the point of closure.

Mr Ross confirmed that the company had experienced problems in attracting both orders and risk capital. He would not say whether the refinancing deal would lead to an outside company taking an equity stake.

"We are trying to keep it as quiet as possible. We believe publicity would seriously jeop[ar]dise the prospects of reach[ing] an agreement," he said.

Brooke Marine was sold [for] £100,000 by British Shipbuild[ers] to three directors: Mr Hend[er]son, Mr Ian Russell, shipbu[ild]ing director, and Mr Rich[ard] Fellows, commercial directo[r].

It was the first of four na[val] yards, nationalised in 1977, [to] return to the private sector.

The yard, which builds pa[trol] boats and other small na[val] vessels, found orders difficul[t to] attract, particularly after fall[ing] oil prices reduced exp[ort] demand from Middle E[ast] governments.

The management has si[nce] diversified into building [and] refitting luxury yachts, inc[lud]ing the construction of Vi[rgin] Atlantic Challenger II, in wh[ich] Mr Richard Branson set a rec[ord] for the fastest Atlantic cross[ing].

Ex-Rumasa head fined

MR JOSE Ruiz Mateos, former head of the Rumasa group, the banking and industrial conglomerate, expropriated by the Spanish Government after its collapse four years ago, was fined £5,000 in the High Court in London yesterday.

Mr Justice Knox found that Mr Mateos, who was not in court, had failed to comply with the High Court orders requiring him to withdraw applications to register the Dry Sack sherry trade mark in the US and other parts of the world.

Last May, Williams and Hu[m]bert, the sherry shipp[ers,] regained ownership of the [Dry] Sack mark, which had be[en] transferred to W and H Tra[de] marks (Jersey), another of [Mr] Mateos's companies.

Yesterday's applications w[ere] primarily for an order com[mit]ting Mr Matoes to prison.

However, the judge sa[id] although it was clear that [Mr] Mateos, who lives in Spain, w[as] in contempt of the court orde[r,] a committal order against [him] was unlikely to be effective.

NBC sells off further nine subsidiaries

By Our Transport Correspondent

THE National Bus Company has sold another nine of 70 subsidiary companies put up for sale by the Government as part of its privatisation programme.

A total of 28 subsidiaries have been privatised since sales began early last year. The latest mark a rapid acceleration in disposals since the beginning of this year.

They include eight engineering companies as a group to Frontsource, an outside buyer chaired by Mr Robert Beattie.

Mr Beattie was at the centre of a Parliamentary row late last year when Labour MPs claimed his bid had been made with the advantage of information gained while working as a consultant for NBC. The allegations were dismissed by Mr John Moore, the Transport Secretary, after an inquiry.

Administrators appointed to investment dealing firm

BY ERIC SHORT

MR RICHARD FLOYD and Mr Austin Alleyne, partners in Floyd Harris Bradley-Hole, the insolvency department of Moores and Rowland, the chartered accountant, have been appointed by the High Court as joint administrators of Financial Management Services, the troubled investment dealing firm.

FMS applied to the court for the appointment of an administrator under the 1986 Insolvency Act.

FMS was formed in Nottingham last year and also has offices in London. One of its specialities was offering a service through media advertisements to shareholders in the recent equity issues, including TSB, British Gas and British Airways.

Last December, the Financial Intermediaries, Managers and Brokers Regulatory Association of which FMS was a member, put restraints on FMS's business, followed last month by an order to stop trading. The fraud squad is investigating the company.

The Insolvency Act is intended to provide more flexibility than liquidation when dealing with companies in trouble with the administrators in a role similar to receivers.

Mr Floyd said there was considerable confusion over the records at FMS and the adminstrators' first task would be to build a picture of assets and liabilities.

Investors who dealt with FMS and have not heard from the company should write to the administrators at Floyd Harris Bradley-Hole, Clifford Inn, Fetter Lane, London EC4A 1AS.

European radar aircraft launched

BY LYNTON McLAIN

THE LATEST European early warning radar aircraft, the Anglo-Swiss AEW Defender, made on the Isle of Wight, was launched yesterday by Lord Trefgarne, the Minister of State for Defence Procurement.

Lord Trefgarne told senior management of Pilatus Britten-Norman, which made the aircraft, and Thorn EMI Electronics, which developed the Skymaster radar, that the Ministry of Defence had no need of such a system.

Nevertheless, he said it was "a major contender in the airborne early warning markets of the world." The aircraft is ready for a foreign sales tour.

The AEW Defender system costs between £5.5m and £10m depending on equipment, less than a 10th of the cost of a Boeing E3 Awacs early warning aircraft.

The AEW Defender's radar can seek targets at high and low altitude and can be used for maritime surveillance, a combination that not even Awacs can offer, according to the partners.

Britain ordered six Awacs aircraft in December for a total of £860m including spares, after Lord Trefgarne and Mr George Younger, the Defence Secretary, cancelled the troubled GEC Nimrod AEW aircraft.

The AEW Defender brings together in a private joint venture a version of the Britten-Norman Islander twin-engine aircraft, normally seating nine passengers, and a development of Thorn EMI's Searchwater radar.

Trevor Humphries

Defence minister Lord Trefgarne at the console of the Skymaster radar, with John Hakes, managing director of Thorn EMI Electronics (centre) and Leslie Appleton, chairman of Pilatus Britten-Norman

Searchwater is the radar used on the Royal Air Force maritime reconnaissance versions of Nimrod and on Royal Navy Sea King helicopters.

Security restrictions imposed by the Defence Ministry on the export of Searchwater—so far it has been sold only to Spain, with India a possible customer—led Thorn EMI to develop the Skymaster version using highly secure computer software for processing the radar signals.

The aim was to find a way of selling a modified version of the proven Searchwater system to nations that could not afford, nor had any need for, an early warning system as expensive and as comprehensive as Awacs.

The partners also hope to interest countries or alliances which already have Boeing Awacs radar coverage, in the Defender as a "second tier."

Mr John Hakes, managing director of Thorn EMI Electronics, said there was a "very large potential market for the low-cost airborne surveillance capability of the AEW Defender." This could involve between 110 and 200 aircraft.

"We are first in the market with this type of low cost AEW radar and are the only company outside the US with a modern airborne early warning system," he said.

The original Britten-Norman company went into liquidation in 1978 and its assets were taken over by Pilatus Aircraft of Switzerland, a member of the Oerlikon Buhrle group.

Ocean shipping line to adopt offshore flag

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE FLIGHT of UK shipping companies from the British flag accelerated yesterday as Ocean Transport and Trading announced plans to transfer its 11 ships to an unnamed offshore register.

Ocean said the transfer was essential if it was to cut costs and remain competitive in the depressed shipping market, which is suffering from 25 per cent world-wide overcapacity.

The announcement follows the release of figures produced by the General Council of British Shipping indicating that the UK-owned and registered merchant fleet fell to less than 10m tons deadweight in December its lowest level this century.

This includes 3m tons deadweight on the expanding Isle of Man register, a possible home for the Ocean ships.

Since December, Shell Tankers, the UK arm of the Royal Dutch/Shell fleet, has announced the transfer of more than 30 ships, and Rowbotham Tankships has said it plans to transfer its fleet of small petroleum and chemical carriers.

Other companies are believed to be considering whether to change flags.

Mr Nicholas Barber, Ocean's chief executive, said the company would select an agency to manage its ships.

Mr Barber said up to 60 of Ocean's 400 seamen would face redundancy but the transfer would safeguard remaining jobs.

Ocean operates four ships in the UK-West Africa trade under the Elder Dempster name, two round-the-world container vessels in the Barber Blue Sea consortium, and five for other owners.

Th group also owns a liquid natural gas ship which has been idle since its launch 10 years ago because of lack of demand.

Mr Barber said Ocean's shipping activities were trading profitably as a result of the retrenchment of the past six years but were not producing sufficient return on capital.

"The extra savings we will now be able to make through this transfer to an offshore flag mean that we will be able to view our shipping activities with more confidence than has been possible for a number of years," he said.

Numast, the merchant navy officers' union, said it had not been consulted about the announcement, which it described as a "fait accompli." The union has about 200 members on Ocean ships.

The union said that Ocean had agreed to enter negotiations on the proposals and talks would start on March 10. The union had not been given full information on the redundancy proposals or the timescale.

"There is obviously an awful lot of negotiating to do yet," the union said.

Photographic collection company seeks BES funds

BY PHILIP COGGAN

FRANCIS FRITH, the Victorian photographer who attempted to record every city, town and village in the British Isles, died in 1893, but the company that markets his collection now aims to raise £1m from Business Expansion Scheme investors.

Mr Frith's descendants and others kept the collection going until 1970 when it was sold to Rothmans, the international tobacco group. Mr John Buck, a Rothmans executive, acquired the archive in 1977 and has since developed its commercial potential.

Prints, table mats and postcards based on the original photographs are sold by Mr Buck's company, Francis Frith Collection. But lack of funds has prevented the company from devoting enough resources to marketing and it has made small losses in each of the last five years.

The £1m being raised by the Minster Trust-sponsored issue will be used to expand

Leyland write-off to cost £680m, MPs told

By Kenneth Gooding, Motor Industry Correspondent

THE GOVERNMENT will have to find £680m to write off accumulated debts and rationalisation costs at the formerly state-owned Leyland Trucks and Leyland Bus companies, Mr Paul Channon, Trade and Industry Secretary, revealed in a Commons written answer yesterday.

When the disposal of Leyland Trucks to a new joint company controlled by Daf of the Netherlands was announced last month, Mr Channon said up to £750m would have to be provided.

Leyland Trucks and Leyland Bus were part of the Rover Group. Leyland Bus was bought by its management last month.

The Government will cover the cost of the write-offs by injecting cash into Rover in exchange for shares. The group retains its London Stock Exchange quotation, but the state owns more than 99.9 per cent of the equity.

Rover will hold an extraordinary meeting on March 27 for shareholders to approve an increase in capital. It will issue shares to the Government at the 50p par price or the average price in the five dealing days preceding the day of issue, whichever is higher.

Last night, the Rover price fell a penny to 58p.

BMA opposes food irradiation

Financial Times Reporter

FOOD IRRADIATION should not be allowed in Britain before an investigation is carried out into the potential long-term risks, the British Medical Association said yesterday.

An expert committee advised the Government last year that the irradiation process was safe and could be used to extend the shelf life of certain foods as well as to kill off dangerous bacteria.

But the BMA said the committee may not have taken sufficient account of possible long-term medical effects. It wants a study lasting several years to confirm safety before the process is allowed

Michael Donne looks at the battle for licences to use London's Docklands airport

Warring airlines stake claims on Stolport

A BATTLE of words over which airline should be allowed to use the new short take-off and landing airport (Stolport) being built in London Docklands will intensify on Tuesday, when the two protagonists present their cases to the Civil Aviation Authority.

Mr Christopher Tugendhat, the chairman of the authority, and his route licensing experts will hear Mr Charles Stuart, chairman of Brymon Airways, and Mr Michael Bishop, chairman of British Midland, which has set up a subsidiary, Eurocity Express, specifically to bid for operations from the Stolport.

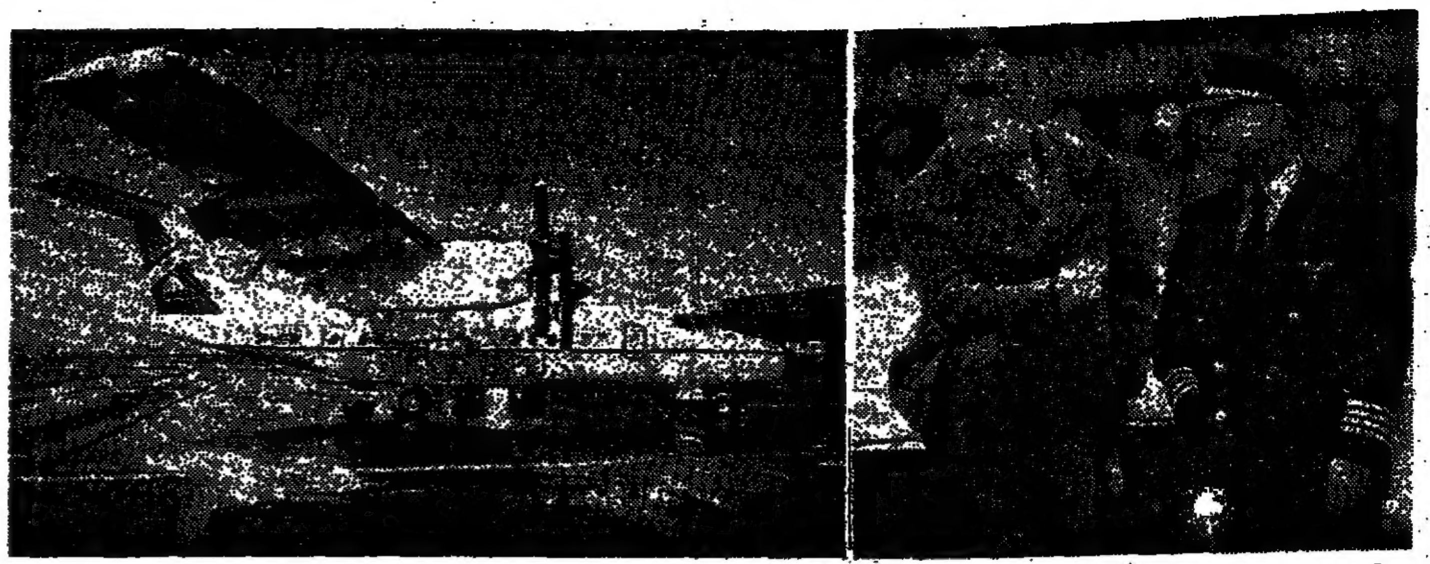
This will be the first time that Mr Tugendhat has sat in on a route licence hearing since becoming chairman last year, indicating the importance the authority attaches to the case.

Both Brymon and British Midland are successful regional airlines, with networks of domestic and international operations, and both are looking for opportunities to expand.

Stolport, being built by John Mowlem, the construction engineering group, will become operational this autumn.

Brymon recently restructured with British Airways acquiring a 40 per cent share stake (though with only 14 per cent of the voting rights), has asked for routes between the Stolport and Amsterdam, Brussels, Paris, Plymouth and Newquay.

Eurocity Express, which although it is an airline in its own right, is effectively run by Mr Bishop, has asked for rights to fly between the Stolport and Guernsey, Jersey, Manchester, Amsterdam, Brussels, Dusseldorf, Paris and Rotterdam.



Eurocity Express's first Dash 7 airliner. Right: Charles Stuart, Brymon's chairman, and Capt Harry Gee, its chief pilot

The real clash will come over the busy Amsterdam, Brussels and Paris routes, which both airlines want.

They both plan to use ultra-quiet de Havilland Canada Dash 7 four-engined turbo-propeller aircraft, which the Department of Transport has insisted on to keep noise level, down and local communities happy.

The war of words between the two airline chiefs over recent weeks has stemmed largely from Brymon's feeling that the late entry of Eurocity Express is a disruptive tactic in what it feels is its own arena. Brymon has been involved in Stolport from the earliest planning stages.

Brymon also feels that Eurocity's longer-term aim of operating larger British Aerospace 146 airliners from the Stolport has unnecessarily aroused local fears of increased noise, which Brymon has sought to prevent.

Mr Bishop's response is that Eurocity Express is a genuine attempt to broaden the base of British Midland and generate business in the light of the Government's desire to see more competition among UK airlines.

Mr Bishop points to the big British Airways' stake in Brymon and the fact that Mr Colin Marshall, BA's chief executive, sits on Brymon's board has indications that the newly-privatised BA is taking more than a passing interest in the Stolport. He suggests that BA is seeking a share in services there by back-door methods.

He also argues that it will soon become necessary to widen the scope of the Stolport by permitting other types of aircraft to use it.

The authority will consider the issues of safety, the overall benefit to the consumer, the airlines' financial fitness and their technical and operational capabilities.

Nevertheless, the authority is aware that the matter is being seen as a test of its competition policy in the wake of the privatisation of BA and that other UK airlines will be watching it carefully.

Both Brymon and Eurocity Express will have to submit to the authority detailed cases for the licences they seek, including analysis of potential traffic growth and how they will handle it, details of fares and their safety standards.

The authority is not obliged to decide between the two airlines. If it is satisfied there is likely to be enough traffic, it can license both.

Licensing only one airline would lead to delays in getting services started, because whichever lost would be bound to appeal to the Transport Secretary.

If it was then dissatisfied with his decision, it could take the matter to court. Nothing could be worse for the image of the Stolport at the start of its operational life.

The battle over the next five days will therefore be fierce. The authority is aware that what is at stake is the credibility of the Government's competition policy as well as the future of the Stolport.

Conservation group attack 'naive' proposals to protect landscape

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

PROPOSALS to increase protection of National Parks and the Norfolk Broads were strongly criticised yesterday by the Council for the Protection of Rural England. It described them as insubstantial, naive and the "most threadbare to date on environmental matters."

The council was responding to a Government invitation to comment on its proposals for Landscape Conservation Orders, published last December.

The Environment Department has received about 30 responses from local authorities, amenity groups like the Ramblers Association, landowners, forestry interests and National Park authorities. The National Farmers' Union has not so far responded.

Landscape Conservation Orders would ban farming that harmed the landscape, like ploughing up moorland or dumping debris on heather.

National Park authorities would have the power to prohibit temporarily such activities. They would also have compulsory purchase powers if management agreements with landowners could not be reached.

The Government wants to establish the principle of landscape conservation alongside the powers of the Nature Conservancy Council to stop farming on, for example, areas of scientific interest.

The council says the scope of Landscape Conservation Orders is too narrow. "The case for Landscape Conservation Orders to be made available to local authorities to protect locally important landscapes anywhere in Britain's countryside remains overwhelming," it says.

The Government suggestion that only about 10 orders a year would be made "does not appear to bear much relation to the reality of contemporary countryside trends," it adds.

UK NEWS

Scottish health chiefs' pay to be performance-linked

BY PETER RIDDELL, POLITICAL EDITOR

PERFORMANCE-RELATED pay arrangements are to be introduced for all full-time general managers in the Scottish Health Service.

This represents a significant development in public sector pay structures and is intended to reward both short-term achievements and long-term contributions to general management.

A circular sent out by the Scottish Office indicates that managers in the top performance band can earn an extra 3 per cent to 4 per cent a year for good results. Payments under the scheme will be cumulative, up to a ceiling of 20 per cent over five years for those in the highest performance band.

The level of reward will be determined by success in meeting agreed objectives, and general managers will be ranked in five bands according to their relative success.

Those rated in the top three bands will get performance-related pay in addition to any annual increase awarded to general managers, while those in the fourth band will get no bonus pay, and only any annual increase determined by the Government. Managers in the fifth band will not even receive an annual increase in salary.

Among other features will be the preparation of an annual performance plan including management objectives to be met, and against which performance will be measured. The plan will be agreed with an appraiser at a more senior management or health board level.

There will be appraisal of performance to measure achievement, and the results will be subject to review to ensure consistency and equity in operating the scheme.

Lord Glenarthur, Scottish Minister of State responsible for Health, said the scheme did not mean there would be bonuses for cutting or contracting-out services. On the contrary, he said, managers would be expected to make the best use of resources, in terms of staff, equipment and buildings as well as money.

Ordnance plant wins order for machine gun

By David Buchan, Defence Correspondent

ROYAL ORDNANCE, the state-owned munitions business due to be privatised next month, has beaten off competition to win a second production order for the SA80 combined machine gun and rifle for the British Army.

Mr Roger Pinnington, chief executive, said yesterday the order was "particularly welcome" in securing the future of the Enfield factory in north London, which otherwise might have closed in two years for lack of work. But it would not reverse the redundancies announced earlier this week of up to 140 non-production workers among the 1,200 Enfield employees.

It will also increase the attractiveness of Royal Ordnance to four companies—British Aerospace, GKN, Ferranti and Trafalgar House—which are expected to submit bids by March 13 to buy the munitions business.

However, exact terms of the second SA80 contract will not be set until confirmed by the eventual buyer of Royal Ordnance, probably next month. It is believed the second order closely matches the first SA80 contract to supply 175,000 weapon systems for about £70m to £80m.

Several months ago Royal Ordnance seemed in serious danger of losing the second SA80 order, even though it faced, in the shape of BTR, Hunting Engineering and Pylon Industries, competition from companies without the small arms production tradition of Enfield.

This was because Royal Ordnance had fallen badly behind schedule in making the first SA80 batch, and was only this year beginning to hit the desired production rate of 1,000 weapons a week.

The award of the second gun order to Royal Ordnance reflects apparent Ministry of Defence confidence that Enfield's production problems are over.

But the Government is also keen that privatisation be completed soon, before the general election. The Labour Party is committed to returning Royal Ordnance to state ownership.

Scheme to tackle lost wills problem

By Raymond Hughes, Law Courts Correspondent

THE LAW SOCIETY, the professional body for solicitors, has devised a scheme that it hopes will reduce the problems caused by lost wills.

The personal assets log would provide information such as the will's location, its date and the names, addresses and telephone numbers of executors.

The Law Society says every year many people make wills but do not tell anyone where they are. As a result, many bereaved families experience serious problems, not least of which may be delays in receiving money left to them.

The log also acts as a practical record for executors because it enables information to be recorded about house deeds and mortgages, savings and share certificates, insurance policies and birth, marriage and adoption certificates. Copies are available from solicitors.

Miss Ruth Lawrence, the Law Society's publications manager, said yesterday the need for the service had been raised by solicitors. Solicitors all over Britain were ordering the log.

Terex negotiates deal to make dump trucks in China

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

TEREX EQUIPMENT, the US construction equipment maker whose only manufacturing plant is in Scotland, is negotiating to manufacture dump trucks in China in a joint venture with a Chinese concern.

Terex expects the talks to lead in the next two months to agreement on a joint venture with North China Industries Corporation (Norinco) to produce the trucks in Baotou City in Inner Mongolia.

Terex will contribute one third of the equity of the joint venture as well as production machinery, special tools and engineering technology and designs. Norinco will put up the remaining two thirds of the equity and provide land, buildings and equipment.

The Baotou plant, which already makes heavy military vehicles, will assemble dump trucks from kits imported from the Terex plant at Newhouse near Glasgow. Already 44 kits have been supplied and an order for a further 40 is expected shortly.

The plant will be able to produce about 300 vehicles a year by 1989, which at current prices would be worth about £30m.

Within eight years Chinese suppliers are expected to provide more than 80 per cent of the content of the trucks. At the same time, however, other models in the Terex construction equipment range may be considered for production.

Mr Robert McCabe, chairman and managing director of Terex Equipment, said the agreement would "significantly contribute to the profitability of Terex in Scotland" and "help make it more competitive worldwide.

Terex was recently acquired by General Motors from Northwestern Engineering, and all manufacturing is being transferred to Newhouse.

● Engineering group Motherwell Bridge, of Lanarkshire, yesterday announced a £15m redevelopment plan for an industrial and high-technology retail park which will create 400 full-time jobs.

Avon cuts 120 staff

NEARLY 120 staff at the Avon cosmetics plant in Northampton are to lose their jobs as part of a decentralisation programme of the company's overseas production department. Some will be offered jobs at European offices.

APPOINTMENTS

Sir Timothy Bevan joins BET board

BET has appointed Sir Timothy Bevan to its board. Sir Timothy will be retiring from the chairmanship of Barclays Bank in May.

★

Mr James Benson, ex-vice chairman of the Ogilvy Group in New York, has been appointed president of the MICHAEL PETERS GROUP's North American activities. He will also join the group board.

★

THOMSON REGIONAL NEWSPAPERS has appointed Mr Tom Hunt chairman of the Chester Chronicle, and will be succeeded as managing director by Mr Ernest Petrie, who rejoins TRN from Lancashire and Cheshire County Newspapers where he was managing director.

★

ALFRED WALKER has appointed Mr Anthony Montague Browne (a managing director of Gerrard & National from 1970 until 1983), as executive chairman. Mr John Donachie, who retires as chairman, will continue as a full-time executive director. Mr George Martin (until recently chairman and chief executive of Pleasurama) and Mr Peter de Savary have been appointed to the board. Mr Martin will become chief executive of Alfred Walker.

★

Mr David Ramsey, a director of John Menzies, has been appointed chairman of PERITRONIC MEDICAL INDUSTRIES. Mr Peter Aspinall, previously managing director of Chloride International, and Mr Thomas Salter, previously chairman and managing director of the Inn on the Park, have agreed to join the Peritronic board.

★

Following the acquisition of SANDHURST MARKETING by Tootal, Mr Anthony Habgood, director of Tootal, has become chairman of the Sandhurst Group. Former chairman Mr Brian Hulme is now president of Sandhurst, and Mr Denniss Hulme, former joint deputy chairman, retires. Mr Peter Hulme, managing director of the stationery division, joins the board as executive director. Mr Hugh Sear (chief excutive), Mr Peter Smith (managing director) and Mr John Short (executive director) remain on the board.

★

Mr Derrick Willingham has been appointed chief executive designate of TWL from the end of April. He joins from the Thyssen-Bornemisza Group, where he has been senior vice president of the Vulcan industrial services strategic unit. Prior to this Mr Willingham was chairman and chief executive of the Haywood Tyler Pump Group.

ECONOMIC DIARY

TODAY: Conservative Party local government conference at Connaught Rooms, London.

TOMORROW: Sir Geoffrey Howe, Foreign Secretary, to visit Budapest (until March 10).

MONDAY: Credit business (January). Retail sales (January-final). Producer price index numbers (February-provisional. EEC Finance Ministers Council meeting in Brussels. European Parliament in session in Strasbourg (until March 13). Labour Party makes statement on women and health policy. Opposition debate in Commons on the prospects of the removal of intermediate nuclear weapons from Europe. BIS monthly meeting in Basle.

TUESDAY: Newly-elected Dail chooses premier. Assistant Masters and Mistresses Association announces result of ballot on strike over pay deal. Hong Kong and Shanghai Banking Corporation annual results.

WEDNESDAY: TUC women's conference in Blackpool (until March 13). Commons debates estimates for coal industry. Conservative women's "highflyers" conference at Cafe Royal, London; speakers include Mr Norman Tebbit, Mr David Waddington and Mr John Major.

THURSDAY: Provisional figures of vehicle production (February). CBI/FT survey of distributive trades (end-February). International banking statistics (fourth quarter). US retail sales (February). US money supply (February). Truro by-election. UN Food and Agriculture Agency conference on Africa in Verona.

FRIDAY: Usable steel production (February). Mr Neil Kinnock, Labour Party leader, to address Scottish Labour Party conference in Perth (until March 15). Mr David Steel, Liberal leader, attends Welsh Liberal annual conference in Tenby.

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	11	Mnt Credit Corp. Ltd	11
Adam & Company	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Arab Bk Ltd	11	City Merchants Bank	11	National Girobank	11
Allied Dunbar & Co	11	Clydesdale Bank	11	Nat Westminster	11
Allied Irish Bank	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
American Exp. Bk	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Amro Bank	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
Henry Ansbacher	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
ANZ Banking Group	11	Duncan Lawrie	11	R. Raphael & Sons	11
Associates Cap Corp	11	E. T. Trust	12	Roxburghe G'rantee	11½
Authority & Co Ltd	11½	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Banco de Bilbao	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Hapoalim	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Leumi (UK)	11	First Nat. Fin. Corp.	11½	Trustee Savings Bank	11
Bank Credit & Comm	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Cyprus	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of Ireland	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of India	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Bank of Scotland	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Banque Belge Ltd	11	HFC Trust & Savings	11	Yorkshire Bank	11
Barclays Bank	11	● Hambros Bank	11		
Benchmark Tst Ltd	11	Heritable & Gen. Tst.	11		
Beneficial Trust Ltd	12	● Hill Samuel	§11		
Berliner Bank AG	11	C. Hoare & Co	11		
Brit. Bk. of Mid. East	11	Hongkong & Shangh'i	11		
● Brown Shipley	11	Lloyds Bank	11		
CL Bank Nederland	11	Mase Westpac Ltd.	11		
Canada Permanent	11	Meghraj & Sons Ltd	11		
Cayzer Ltd	11	Midland Bank	11		
● Charterhouse Bank	11	● Morgan Grenfell	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6½% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
161	118	Ass. Brit. Ind. Ordinary	160	—	7.3	4.6	9.8
163	121	Ass. Brit. Ind. CULS	163	—	10.0	6.1	—
40	28	Armitage and Rhodes	35	—	4.2	12.0	4.9
80	64	BBB Design Group (USM)	75	—	1.4	1.9	17.9
221	166	Bardon Hill Group	221	—	4.6	2.1	25.1
102	55	Bray Technologies	102	—	4.3	4.2	12.1
138	75	CCL Group Ordinary	132	—	2.9	2.2	9.4
107	86	CCL Group 11pc Conv. Pf.	99	—	15.7	15.9	—
271	118	Carborundum Ordinary	266	−1	9.1	3.4	12.8
93	90	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—
125	75	George Blair	87	—	3.8	4.4	2.2
114	57	Ind. Precision Castings	114	—	6.7	5.9	10.2
176	121	Isis Group	121	−1	18.3	—	—
124	101	Jackson Group	119	—	6.1	5.1	8.1
377	280	James Burrough	365	—	17.0	4.7	10.3
100	87	James Burrough 9pcPf.	87xd	—	12.9	14.8	—
1035	342	Multihouse NV (AmstSE)	750	+35	—	—	39.3
380	280	Record Ridgway Ordinary	356	—	—	—	6.3
100	83	Record Ridgway 10pc Pf.	83	—	14.1	17.0	—
91	67	Robert Jenkins	90	—	—	—	4.0
62	30	Scruttons	62	−1	—	—	—
150	67	Torday and Carlisle	148	+1	5.7	3.9	9.0
340	321	Travian Holdings	324	—	7.9	2.4	6.7
90	42	Unilock Holdings (SE)	90	+3	2.8	3.1	16.5
129	65	Walter Alexander	128	—	5.0	3.9	12.2
200	190	W. S. Yeates	193	—	17.4	9.0	19.3
99	67	West Yorks. Ind. Hosp. (USM)	99	—	5.6	5.7	14.1

هكذا من الأصل

NHS building workers to stage strikes over pay

BY PHILIP BASSETT, LABOUR EDITOR

NATIONAL Health Service building workers are to begin short strikes at selected hospitals from tomorrow night following the breakdown of pay talks.

Negotiations between the building workers' union Ucatt, the main union representing the 8,500 employees involved, and Department of Health and Social Security management ended yesterday with the union announcing a programme of action.

This may include an overtime ban, withdrawal of co-operation with contractors, strict enforcement of safety regulations and ending inter-trade flexibility.

Individual hospitals based in different Ucatt regions have also been identified by the union for short strikes. The union said the strikes were intended mainly to be demonstrative.

Union negotiators want to avoid placing patients in difficulty and recognise that the impact of any action is not likely to be immediate, but cumulative.

Mr Alan Black, Ucatt national officer, said after yesterday's talks: "We went to this meeting determined to avoid industrial action in the NHS. When our members take action as from next week the public will know that the fault lies with our uncaring and discriminatory employers."

Ucatt, and the two other unions representing hospital building workers, the TGWU and the GMBU, said the DHSS offer, rejected last October and followed by a ballot on industrial action, would create a £29-a-week differential between electricians and other craft workers.

Ucatt said it had offered compromises at yesterday's talks. They included putting into basic rates some of an outstanding £225 retrospective payment or spreading a deal over 15 months. However, these had been rejected by DHSS management, the union said.

The DHSS said the talks had explored modifying the offer, but this had been rejected by the union.

The union pressed for officials of the conciliation service Acas, which has been monitoring the position, to attend yesterday's talks, but the DHSS refused.

The DHSS said yesterday it was willing to meet the unions again. Acas is likely next week to investigate the scope for intervention.

The department is to advise health authorities they can choose how to respond to any strike action.

QE2 crew acts against union

BY JIMMY BURNS, LABOUR STAFF

EMPLOYEES of the Cunard cruiser QE2 have instituted legal proceedings in the High Court against the National Union of Seamen after claiming unfair dismissal from the union.

Confirmation of the move came yesterday as representatives of the cruiser's 609 crew met senior management of Cunard in London to seek urgent clarification of the company's plans for revised crewing arrangements.

Cunard yesterday said that one subject being negotiated with the leadership of the NUS was the setting up of an offshore crewing agency in Jersey.

However, dissident NUS members are claming that their union acted unlawfully by expelling them after they had accept an earlier offer of severance pay from Cunard. The dissidents balloted on the offer in defiance of a union instruction.

It was not clear yesterday whether the offer still stood in the light of negotiations between the company and the union.

However, the dissidents, still technically employed by Cunard, fear that the setting up of the employment agency will lose them many social benefits.

Under the draft plan, the Jersey agency would act as a pilot scheme for the industry, gradually replacing the Merchant Navy Establishment, the unionised labour suply arrangement regulated by the NUS and the General Council of British Shipping.

Letters, Page 9

Labour 'will change way of counting unemployed'

By Our Labour Editor

A FUTURE Labour Government would take steps to restore the credibility of official unemployment figures, Mr John Prescott, Labour's employment spokesman, said yesterday.

Speaking at a Labour Coordinating Committee rally in Sheffield, Mr Prescott said "supposedly impartial" official figures had been "manipulated to such an extent that they are now little more than Government propaganda."

But a future Labour Government would restore the statistics' credibility. Labour would, shortly after taking office, publish a Green Paper "with proposals to make Government figures more honest and accurate," Mr Prescott said.

"We want to establish a consensus which is consistent with international standards," he said. The proposals would include the introduction of a more regular labour force survey together with the current count, based on those claiming benfit, aimed at showing precisely how many people are employed and unemployed.

Though he did not say Labour would revert to the previous way unemployment figures were calculated — based on those registering as available for work — he said Labour would expand the Jobcentre network to "encourage unemployed people to register for work, as they had to do before 1982."

He said those without jobs would be given an incentive to register, because the jobs to be created by a future Labour Government, mainly in the public sector, would initially be advertised only in Jobcentres.

Civil servants prepare anti-racism policy

BY HELEN HAGUE

THE CIVIL and Public Services Association, Britain's largest civil service union, has prepared proposals for an anti-racism policy to combat discrimination at the workplace and within the union.

The proposals, drafted by the unions anti-racism working group, will be debated at the CPSA annual conference in May, with the leadership recommending acceptance.

A key proposal is the setting up of race relations advisory committees at all levels within the 149,000-strong union.

A national committee will be mirrored by others at group, branch and department section level.

Under the proposals, an officer with special responsibility for race relations would be appointed by the union's general secretary. Duties would include servicing the national race relations advisory committee.

This committee would examine the results of ethnic monitoring, which many departments will complete by the end of the year, and would recommend how the data base could be improved.

The union also proposes monitoring promotion and recruitment of ethnic minorities and reviewing departmental training procedures to eradicate discrimination.

Tass warning on radar jobs

By Our Labour Staff

TASS, the manufacturing union, warned yesterday that thousands of jobs and a large sector of Britain's advanced technology capacity could be threatened if US companies were allowed to provide advanced radar equipment for the planned European Fighter Aircraft.

The union said that the American attempts, in direct competition with Ferranti in Scotland, should be resisted.

TREND OF INDUSTRIAL PROFIT

ANALYSIS OF 92 COMPANIES

INDUSTRY	No. of Co's.	Turnover (1)	Profits Before Int. & Tax (2)	Pre-tax Profits (3)	% change	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)
BUILDING MATERIALS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
CONTRACTING CONSTRUCTION	6	799.1 (1,015.6)	117.5 (74.6)	82.2 (42.0)	+95.7	27.5 (18.1)	53.4 (23.6)	+126.3	27.0 (21.6)	+25.0	37.5 (8.6)	727.2 (634.9)	16.2 (11.8)
ELECTRICALS	4	197.5 (165.6)	22.1 (22.5)	19.7 (20.6)	−4.4	7.6 (7.3)	11.4 (12.8)	−10.9	5.4 (4.7)	+14.9	10.7 (11.4)	96.4 (79.7)	22.9 (28.2)
ELECTRONICS	7	838.3 (610.7)	122.2 (64.5)	112.1 (57.4)	+95.3	38.9 (20.9)	73.6 (35.9)	+105.1	9.4 (6.3)	+49.2	83.1 (41.8)	299.5 (224.0)	40.8 (28.8)
MECHANICAL ENGINEERING	6	800.5 (740.8)	53.0 (48.8)	40.9 (37.1)	+10.2	13.6 (12.5)	26.1 (22.7)	+15.0	9.2 (9.0)	+2.2	34.2 (27.8)	311.2 (286.1)	17.0 (17.1)
METALS AND METAL FORMING	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
MOTORS	1	126.9 (102.5)	10.2 (7.7)	6.5 (4.5)	+44.4	0.3 (0.2)	6.2 (4.3)	+44.2	1.4 (0.6)	+133.3	7.6 (6.3)	68.6 (52.9)	14.9 (14.6)
OTHER INDUSTRIAL MATERIALS	2	49.1 (41.1)	11.4 (8.5)	9.6 (7.7)	+24.7	2.8 (2.4)	6.8 (5.3)	+28.3	1.5 (1.2)	+25.0	6.7 (5.1)	48.2 (41.1)	23.7 (20.7)
TOTAL CAPITAL GOODS	26	2,811.4 (2,676.3)	336.4 (226.6)	271.0 (169.3)	+60.1	90.7 (61.4)	177.5 (104.6)	+69.7	53.9 (43.4)	+24.2	179.8 (101.0)	1,551.1 (1,318.7)	21.7 (17.2)
BREWERS AND DISTILLERS	4	1,119.3 (1,024.1)	127.9 (108.0)	104.4 (91.9)	+13.6	34.6 (27.2)	65.8 (60.9)	+8.1	26.3 (23.0)	+14.4	69.9 (65.6)	917.7 (753.7)	13.9 (14.3)
FOOD MANUFACTURING	2	5,371.2 (4,406.2)	149.4 (113.7)	95.2 (81.5)	+16.8	36.8 (28.3)	57.1 (51.1)	+11.7	33.7 (26.4)	+27.7	63.8 (58.3)	664.5 (587.2)	22.5 (19.4)
FOOD RETAILING	4	6,045.2 (5,275.4)	306.7 (212.4)	278.5 (278.5)	—	84.1 (72.5)	194.1 (130.1)	+49.2	88.0 (54.5)	+61.5	175.7 (127.6)	1,235.7 (997.7)	24.8 (21.3)
HEALTH AND HOUSEHOLD PRODUCTS	2	1,440.1 (1,424.8)	635.4 (422.1)	627.4 (407.3)	+54.0	212.7 (121.9)	413.7 (282.1)	+46.7	104.2 (74.5)	+39.9	352.8 (247.4)	1,362.3 (1,043.2)	46.6 (40.5)
LEISURE	2	142.6 (94.3)	14.7 (7.5)	12.8 (5.9)	+117.0	4.9 (2.6)	7.0 (2.5)	+180.0	1.8 (1.0)	+80.0	16.2 (10.4)	50.0 (31.3)	29.4 (24.0)
PUBLISHING AND PRINTING	1	101.4 (95.6)	10.3 (8.0)	10.2 (7.8)	+30.8	4.2 (3.6)	6.1 (4.2)	+45.2	2.3 (1.7)	+35.3	6.6 (4.8)	33.4 ([illegible])	30.8 (25.5)
PACKAGING AND PAPER	1	38.4 (8.3)	6.3 (1.0)	6.2 (1.0)	+520.0	2.4 (0.4)	3.8 (0.6)	+533.3	2.4 (0.6)	+300.0	2.6 (0.1)	16.1 (7.7)	39.1 (13.0)
STORES	3	2,269.8 (1,706.2)	151.4 (96.0)	131.1 (82.7)	+58.5	4.7 (31.6)	83.9 (51.1)	+64.2	23.1 (14.9)	+55.0	93.0 (62.1)	498.6 (545.0)	30.4 (17.6)
TEXTILES	2	127.5 (119.3)	12.7 (12.1)	10.8 (10.5)	+2.9	3.8 (3.8)	6.8 (6.7)	+1.5	2.6 (2.7)	−3.7	8.6 (8.6)	69.2 (69.5)	18.4 (17.4)
TOBACCOS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
TOTAL CONSUMER GROUP	21	16,655.5 (14,154.2)	1,414.8 (980.8)	1,276.6 (967.1)	+32.0	388.2 (291.9)	838.3 (589.3)	+42.3	284.4 (199.3)	+42.7	789.2 (584.9)	4,847.5 (4,066.7)	29.2 (24.1)
CHEMICALS	1	91.9 (88.3)	4.4 (4.2)	3.8 (3.6)	+5.6	1.4 (1.7)	2.4 (1.9)	+26.3	1.2 (1.0)	+20.0	2.1 (1.8)	25.8 (22.4)	17.1 (18.8)
OFFICE EQUIPMENT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
SHIPPING AND TRANSPORT	1	25.3 (14.3)	7.7 (4.1)	2.7 (1.6)	+68.8	— (—)	2.4 (1.2)	+100.0	0.5 (—)	—	5.9 (3.4)	71.3 (38.3)	10.8 (10.7)
MISCELLANEOUS	5	650.3 (459.9)	67.0 (46.9)	51.4 (35.8)	+43.6	21.2 (13.2)	28.6 (20.5)	+39.5	13.0 (6.4)	+103.1	36.0 (25.4)	355.8 (209.4)	18.8 (22.4)
TOTAL INDUSTRIAL GROUP	54	20,234.4 (17,393.0)	1,830.3 (1,262.6)	1,605.5 (1,177.4)	+36.4	501.5 (368.2)	1,049.2 (717.5)	+46.2	353.0 (250.1)	+41.1	1,013.0 (716.5)	6,851.5 (5,655.5)	26.7 (22.3)
OILS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
BANKS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
INSURANCE (LIFE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
INSURANCE (COMPOSITE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
INSURANCE BROKERS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)
MERCHANT BANKS	1	— (—)	— (—)	— (—)	— (—)	— (—)	1.9 (1.9)	+26.7	0.6 (0.6)	—	— (—)	*36.1 *(30.7)	— (—)
PROPERTY	13	— (—)	117.7 (93.5)	76.8 (62.2)	+23.5	25.3 (22.2)	50.9 (39.5)	+28.9	21.2 (18.0)	+17.8	31.5 (22.6)	1,170.0 (953.4)	10.1 (9.8)
OTHER FINANCIAL	4	— (—)	285.1 (410.0)	124.3 (85.0)	+46.2	47.3 (27.9)	75.2 (55.3)	+36.0	24.5 (20.1)	+21.9	63.1 (49.2)	1,703.8 (1,804.2)	16.7 (22.7)
TOTAL FINANCIAL GROUP	18	— (—)	402.8 (503.5)	201.1 (147.2)	+36.6	72.6 (50.1)	128.0 (96.3)	+32.9	46.3 (38.7)	+19.6	94.6 (71.8)	†2,873.8 †(2,757.6)	14.0 (18.3)
INVESTMENT TRUSTS	18	— (—)	85.7 (77.2)	72.1 (64.9)	+11.1	23.9 (23.2)	47.8 (41.6)	+14.9	44.0 (38.6)	+14.0	4.7 (4.0)	3,112.7 (2,437.6)	2.8 (3.2)
MINING FINANCE	1	1,115.2 (1,200.2)	158.8 (165.2)	110.9 (114.9)	−3.5	38.6 (19.4)	72.3 (95.5)	−24.3	47.6 (47.5)	+0.2	61.8 (90.1)	1,034.8 (1,231.5)	15.4 (13.4)
OVERSEAS TRADERS	1	241.7 (276.6)	57.1 (53.1)	50.8 (43.1)	+17.9	21.5 (18.4)	28.3 (22.4)	+26.3	3.1 (2.8)	+10.7	30.5 (25.9)	178.3 (206.5)	32.0 (25.7)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc. and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparision equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdr

* For merchant banks a more realistic quote is the balance sheet total.

Col. 9 represents the net return on employed. Col. 2 as a percentage of Col. 8 an indication of average profitability.

† Excluding merchant banks, and insura and composite).

Col. 10 net current assets are arrived subtraction of current liabilities and provi current assets.

‡ No figures given.

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Now see who's competitive

THE BIG, economy-wide figures do not always tell the really interesting story. For both the US and the UK, the national statistics are mixed at best—flat retail sales and a car mini-slump in the US, a faltering retail boom and weak historic output figures in the UK, and a weak balance of payments picture for both countries.

Some of the details, however, suggest a very different picture to come. In the UK, for example, domestic sales of home-built cars are more than 25 per cent above their level in the same period in 1986. Against that background, the steady trickle of good employment news from the industry is only what might be expected. In the US, one major company, Ford, is performing very strongly in a generally weak market. Efficient companies can take rapid advantage of a favourable shift in exchange rates, though others may take much longer

What proportion of companies really is efficient? This can only be guessed with the aid of economy-wide figures—but the kind of figures which suggest what is likely to happen in the near future rather than providing a guestimate of the recent past. The industrial opinion surveys in the UK, which seem to get steadily more buoyant every month, have been widely publicised.

The purchasing manager surveys in the US, which provide a somewhat similar ear-to-the-ground impression, are less widely known; they too have turned strongly positive in the first weeks of 1987. The purchasing managers do not seem to be such reliable forecasters as the CBI membership, but their impression was quite strongly confirmed in the US employment figures yesterday. Employment is rising strongly again, and so now is overtime working in the US manufacturing sector. This has inspired some Wall Street forecasters to guess that output growth is already rising rapidly, and that rising earnings will soon cause the consumer market to revive.

Turning point

These developments ought not to be surprising, for they are exactly what economic theory would suggest; but the science of economics is in such poor repute at the moment that much comment is emotional rather than analytical. More attention is paid to talk of de-industrialisation or national decadence than to a rational discussion of the level of exchange rates or the stance of fiscal and monetary policy

Since we do now seem to have arrived at something of an international turning point, the lagged consequence of a major realignment of exchange rates, it is worth reviewing what economic theory has to offer.

The first point to grasp is that the economic importance of the exchange rate is not really what it means for the comparative cost of a basket of goods, or a hotel room, in different countries, nor is it concerned simply with the current account of the balance of payments. This was recognised by the architects of the Bretton Woods system of semi-fixed exchange rates. They said that over-valuation or under-valuation could be judged by looking at the basic balance of payments, which is a combination of current settlements and voluntary long-term investment flows.

The Bretton Woods system was not in principle very different from our present floating system, though it worked much more smoothly in practice. It tended to sound the alarms not when a country had a weak current account but when it had a weak currency.

That could well arise—as it did for a long time for the UK—because international investors found the country unattractive. There was a semi-permanent sterling crisis, although the current account was near balance. By contrast, promising countries could attract capital, and run large, trouble-free current account deficits for a long period.

Time lag

The US and the UK now seem to be in this position. This is the result of both the devaluation of their currencies and of the previous phase of "de-industrialisation" (which is simply an emotional phrase for a searing competitive squeeze). The combination works powerfully; profits are easier to earn, but managements and their workforces have had to learn efficient habits during the period when profits practically vanished.

There are costs to be borne for achieving competitiveness in this way, as English-speaking holidaymakers will learn this year if they take their holidays abroad. This is a much more telling demonstration of economic law than simply reading the league tables for per capita GDP. The effect on the current account of the balance of payments, a figure which attracts a great deal more attention than it deserves, may become apparent only after a time lag of years rather than months—especially if governments wait for the exchange rate change to put the balance right unaided. But the effect both on growth prospects and on profits is quick and unambiguous. That will be worth remembering when the current euphoria in the equity markets boils over.

Man in the News: Ronald Reagan

Baker to the rescue, perhaps

By Stewart Fleming, US Editor in Washington

THE American people's continuing fund of goodwill towards their beleaguered President was in evidence again this week.

In the wake of a televised address to the nation in which Mr Reagan as good as admitted that he had not been paying attention as his officials launched their dubious diplomatic initiative towards Iran, opinion polls showed that public approval of the President had jumped by fully 10 percentage points from the four-year lows struck last weekend after the publication of the damning Tower Commission report into the Iran-Contra arms scandal.

Much as this turnaround will delight Mr Howard Baker, the newly installed White House Chief of Staff, few in Washington believe that Ronald Reagan can ever again be the commanding political figure he was in the first six years of his presidency.

As Mr Reagan escapes to his Camp David retreat in the Maryland mountains this weekend, where President Jimmy Carter retreated before telling his countrymen in 1979 that the United States was suffering from a "malaise," he leaves behind a Washington seething with speculation.

How, his political friends and rivals ars asking, will the continuing shake up of personnel at the White House alter the political calculations on such issues as the Federal budget deficit, economic policy, relations with the Soviet Union and prospects for the 1988 elections?

That there will be changes is not in doubt; indeed there already have been. With a flair for political timing which will serve as yet another warning to those in Washington who still underestimate him, Mr Mikhail Gorbachev, the Soviet leader chose the weekend following the publication of the Tower Commission report, when the White House was reeling in disarray, to launch a bold new arms control initiative.

To sceptics in Washington who see arms control as a dangerous snare and a delusion, Mr Reagan's speedy counter-proposal confirmed their worst fears. A weakened President, it is suggested, is swallowing Soviet bait in pursuit of a foreign policy "triumph,"

Arms control is a particularly tricky issue for the President and his new Chief of Staff, former Senator Howard Baker. The subject has already divided the Defence Department and the State Department, caused tension in the Western alliance, and could yet divide and weaken a Republican party whose conservative wing worries that arms talks could be a step on to a slippery slope towards a more accommodative approach to Moscow on issues ranging from regional conflicts in Afghanistan and Central America to the "Star Wars" strategic defence initiative.

It is on this issue above all that Mr Baker's reputation will be forged. Some on the right worry that his voting record on conservative issues, coupled with his natural inclination to conciliate and build coalitions in order to get things done, will further dilute the conservative thrust of the Reagan presidency.

The chunky 61-year-old Baker has already had a positive impact on the White House, bringing to an institution which had been engaged in a dour struggle with the Congress and the press a badly needed touch of openness-

As the week progressed he reached out to all parts of the political spectrum in order to try to rebuild the White House's credibility and forge alliances to get the presidency actively involved again in Washington's political life.

That Mr Baker can play a major role in shaping the last two years of Mr Reagan's presidency is not in doubt. Indeed one judgment being offered on Capitol Hill is that his decision to eschew a long-shot run for the Republican Party's presidential nomination in 1988 was a political gamble which may pay off personally. If he helps to revive Mr Reagan's prestige, Mr Baker could transform himself into "the wonder boy of American politics," says Rep Henry Hyde.

But what are the chances that he will be able to improve Mr Reagan's position beyond the short term boost to his fortunes which the polls are already reflecting in the wake of his speech

Much will depend on how he restructures the White House decision-making process The Tower Commission exposed to public view a White House in whimh an absent-without-leave Ronald Reagan was displaying so little interest in the business of governing that he did not understand the implications of vital decisions he was making on Middle East policy, and, judging from the Reykjavik summit, on US-Soviet relations.

Many put the blame for this squarely on his advisers, in particular Mr Donald Regan, the White House Chief of Staff, who cut the President off from the range of options he had been exposed to when Mr James Baker (the current Treasury Secretary) was Chief of Staff

By pandering to Mr Reagan's intellectual indolence and encouraging his passivity, Mr Regan enhanced his own power and, it would appear, on some issues turned Mr Reagan into a puppet President who was not even exercising the broad instinctive judgment which admirers say are his strength.

It is too much to expect that Mr Reagan at his age, and in less than robust good health after his prostate operation, can change the work habits of a lifetime, whatever friends such as Senator Paul Laxalt say.

But Mr Baker could, as Chief of Staff, set up a decision-making process to compensate for the President's weaknesses, just as the White House team in the first Reagan Administration did, making sure the President is forced to concentrate upon at least a narrow range of key issues and decide on realistic alternatives.

If Mr Baker does this and, working with other members of the Administration, brings his own skills as a legislative tactician to bear, the White House could again become a vigorous participant in the work of the Democratically-controlled Congress.

Where this participation might lead is another question. There is every reason to believe that arms control opponents in Washington now face a daunting task if they are to block the momentum which seems to be building towards an arms control agreement with Moscow.

Mr Baker's known predilections, Moscow's evident interest in moving the arms control process forward, a majority on Capitol Hill which seems to favour curbing a costly defence build-up, all suggest that the prospects for a Washington summit have improved significantly in the past 10 days. Mr George Shultz, the Secretary of State, will be much relieved for it provides him with an agenda at a time when he, too, has had to absorb some bruising criticism. It was announced yesterday that Mr Shultz will visit Moscow next month.

It is not just on strategic issues, however, that Mr Baker is expected to bring a less confrontational and non-ideological twist to Reagan Administration policy. One Federal Reserve Board official remarked that hands were raw with clapping at the central bank when news of Mr Regan's departure broke. Mr Baker gets on well with Mr Volcker.

The change means that there will not be a White House

vendetta in the early summer to try to prevent Mr Volcker's re-appointment in August. Mr Volcker may or may not want to take the job again. If he does not, at least a smooth transition to a respected successor can be anticipated.

Republican conservatives fear, probably with justification, that in the weeks ahead the new Chief of Staff will move decisively to tackle the issue of the Federal budget deficit, and in order to get the deficit on a firmly declining trend conceded more openly than the President has been willing to. That some form of tax increase is a necessary ingredient of a rational fiscal policy.

For his part, Mr Baker will have great care not to be perceived as setting up some form of regency at the White House. Mr Baker has only to remember how Mrs Nancy Reagan reacted to this sort of behaviour by Mr Donald Regan; nor can he afford to ignore the conservative right, which is stronger in the rank and file of the Republican party than it is in Washington.

Even among the ranks of the conservatives, however, there are those who share the Washington consensus that Mr Baker's appointment was an inspired political move, prompted by Mr Laxalt and Mrs Reagan. A reinvigorated Ronald Reagan, says Mr Stuart Butler of the Heritage Foundation, a conservative Washington think tank, can frame the debate on conservative issues.

This may be wishful thinking. Mr David Smick, a Washington political consultant, points out that a "lame duck" President who cannot stand for re-election in 1988 faces, even without Irangate, an inevitable decline in his political influence. With no presidential political agenda the Democrats are perceived in Washington to have the initiative on Capitol Hill. "The Democrats are now seen to be the party of ideas," says Mr Smick.

Nor can the potential for new misfortunes to strike the President be dismissed. The US economy scarcely has a rosy glow of health, American bankers are threatened by a renewal of tensions over the Third World debt crisis, the trade deficit shows little sign of declining and inflation could accelerate to the point where the Fed has to tighten credit.

The unresolved issues of the Iran-Contra affair, in particular the paper chase now underway to try to discover into whose pockets the profits from the Iranian arms deal went, will occupy Congress (and the President) for months to come.

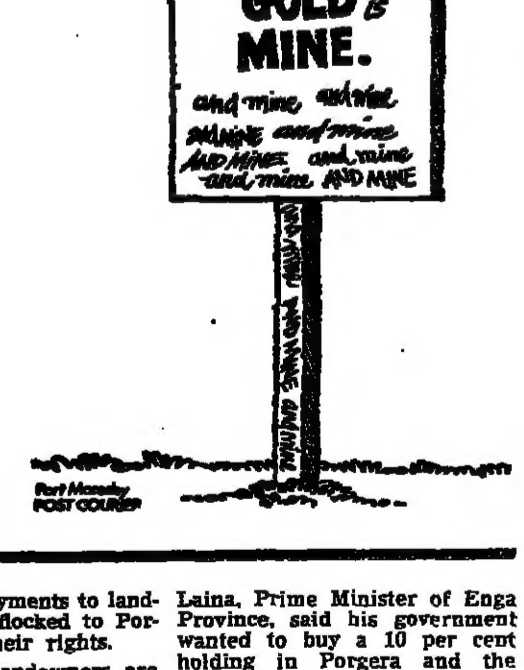
The President's critics are already charging that, in spite of a good speech on Wednesday night, Mr Reagan ducked the issue of his own past "mis-statements," his forgetfulness about when he approved the arms deal, and the apparent "cover up" at the White House when the Iran scandal first broke. Should it emerge in the public hearings that he is still being less than forthright, the President's greatest political asset, the personal affection many Americans feel for him, will not be enough to pull him through.

It is then by no means certain that the President will serve out his term with dignity, although his chances have improved significantly. The Republican party, which must defend its diminished representation in Congress, must hope that former Republican Senator, Howard Baker, will be able to build on the foundations he and Mr Reagan laid this week. If Mr Baker fails, he and Mr Reagan may well consign the Republicans to a lengthy period in the political wilderness.

In Papua New Guinea's misty highlands, armed tribesmen and Australian mining executives join in a 20th-century gold rush

A war dance at the golden mountain

By Stefan Wagstyl



THE PEOPLE of Porgera in the Central Highlands of Papua New Guinea, did not know the value of gold until the white man came to their valley. Now they have discovered it with a vengeance.

As the miners drill into the flanks of Mount Waruwari to test one of the biggest gold deposits discovered since the Second World War, scores of highlanders have joined the hunt, scrambling over piles of rock hauled out of the mountain to extract gleaming traces of gold. In one recent week, a lucky villager earned 40,000 kina (nearly £30,000).

The three Australian mining companies which control the deposit say they could construct a mine to be in production by 1991, although they have yet to commit themselves finally to an investment of perhaps $400m (£259.3m). Placer Pacific, the operating company, and its partners Renison Goldfields Consolidated and MIM Holdings expect to start negotiating a mine development agreement next year.

But the prospect of profit has already thrust the valley into the forefront of political debate in Papua New Guinea.

The debate embraces everything from the relationship between a Third World country and powerful multinational companies, to the impact of modern man, money and machines on a community just entering the 20th century.

While Porgera would be much smaller than either of Papua New Guinea's huge copper and gold mines at Bougainville and Ok Tedi, it looks set to be just as controversial.

Flying through the mountains and mists which surround the valley, poltical battles are the last thing on the visitor's mind. The flight concentrates the mind wonderfully on the difficulties facing the pilot as he lands on a rough airstrip which slopes uphill to slow the aircraft down. On take-off there is the unsettling sensation of falling off the end of [illegible]

Cloud sometimes cuts Porgera off for days from Mount Hagen, the nearest large mission town. Heavy equipment comes by a dirt road, frequently blocked by rockfalls.

Until three years ago, there were doubts about whether the deposit would ever be developed. Although there is a huge ore reserve at Waruwari, most of it is fairly low-grade. But in 1985 Placer and its partners struck an underground ribbon of ore, so rich that the metal gleamed yellow in the drill cores as they were pulled out of the ground.

According to the latest survey there are 4.54m tonnes of high-grade ore, with a grade of 21.87 grammes a tonne of gold and 23.14 grammes of silver.

News of the discovery spread through the mountains. The highlanders had heard that Ok [illegible] compensation payments to landowners so they flocked to Porgera to claim their rights.

Payments to landowners are fixed by law; so much for a tree, a hut, a plot of land. But land rights are settled by tribal custom and are often a matter of fierce dispute between groups of families or clans. A number of tribal battles have been fought with spears and bows and arrows in Enga province recently. Four deaths and many injuries resulted.

The writ of central government runs weak in remote corners of the Highlands. Although Placer has built a police station at Porgera, it stands empty because police from outside the province are too frightened to use it.

Meanwhile the political leaders are staking their claims. Last month, Mr Ned Laina, Prime Minister of Enga Province, said his government wanted to buy a 10 per cent holding in Porgera and the national Government in Port Moresby should help him pay for it.

The arguments in the capital are more sophisticated but the feeling that Porgera belongs to the nation is just as strong. The Government has the right to buy 10 per cent of the equity by contributing 10 per cent of the development costs.

The government stakes in Bougainville and Ok Tedi are 20 per cent but local economists have suggested that such equity investments are a waste of scarce capital in a developing country.

Debates over state participation have been overtaken by arguments about share ownership by individuals. The issue has split the coalition Government in advance of a general election this summer. It was brought to a head by the decision of MIM Holdings to float its interests in the Porgera development in a A$400m (£173.9m) new company, Highlands Gold.

Mr Paias Wingti, the Prime Minister, wants to delay the float, originally planned for March, until after the election so as to avoid the scandal which surrounded the sale last year of Placer Pacific by its Canadian parent Placer Development. Sir Julius Chan, deputy Prime Minister, then resisted calls for his resignation after admitting the purchase for himself and associates of 800,000 shares, or 7 per cent of the stock reserved for Papua New Guinea nationals in a heavily oversubscribed issue.

Sir Julius, who has been making approaches to opposition party leaders about possible post-election alliances, wants the Highland Gold float as soon as possible. His allies say any delay would be "a very bad precedent."

The Cabinet is broadly agreed, however, on trying to extract better terms from MIM—in particular an increase from 4 per cent to 20 per cent in the proportion of the issue reserved for Papua New Guineans.

Mining is all-important to Papua New Guinea. Modern economic development has largely been powered by it, in particular by Bougainville, opened in 1972, and by Ok Tedi which started production in 1984. Bourgainville has been profitable, providing as much as as half the country's foreign exchange earnings. Ok Tedi has suffered severe financial difficulties, which led to its temporary closure in 1985 in a show-down with the Government. Porgera, though smaller than the other two, could prove highly profitable.

That will be good news for the men on site at Porgera. Pinned to the wall of the mine office is the motto: "Accursed thirst for gold, what dost thou not compel mortals to do?"

The City's fund management row

Herd, but rarely seen

By Nikki Tait

AMERICANS call them the herd. In Britain, they are berated for seeking short-term performance and quick profits. Who would be a fund manager?

In practice, several thousand would. And their views on the latest chastisement from David Walker, executive director of the Bank of England, range from outright annoyance to a grudging admission that the system offers little room for mmanoeuvre.

"Looking on it as a citizen, I do worry about chasing the immediate buck," says a senior manager at one of Britain's largest investment houses.

To understand the short-term/long-term dilemma requires a grasp of the pressures on a professional who ranks below both securities salesmen and analysts in terms of glamour and pay, yet exercises considerably more influence over Britain's industrial performance. Who are these most publicity shy of City figures?

❛ Fund managers should not interfere in the running of the business, but they should stand ready to exert influence. After all, you are members of the company and the board is accountable to you. ❜

David Walker to pension fund managers, February 26

Essentially, a fund manager is just what he sounds—someone who handles an investment portfolio for an external client. However, on the one hand, there is the division between types of fund, from high-profile unit trusts or unit-linked insurance company funds right through to the more stately pension funds. On the other, employers can range from the giant "investment houses"—post Big Bang, probably covering the gamut of financial services and offering in-house market-making capacity—to a small non-City unit trust group, handling a couple of funds.

Fund managers are almost exclusively graduates. The standard route is to join a large house as a research analyst, learn the investment basics and climb from there.

Oxbridge still carries some weight, at least in the City. One senior manager, himself a red-brick man, confesses surprise that half the 50 short-listed candidates for this year's potential intake turn out to hail from one or other place. "They have a certain reputation," he says with a touch of retrospective apology. "There's still a bit of the 'go to Eton and you make friendships which are useful for life'."

Outside London, the story is different. "We take who we can get," comments the investment chief at a large insurance company. Even so, he says that out of the 50-odd professionals in his department only a couple have clambered up with just O or A levels to their names.

Ask why anyone opts for fund management, rather than selling or analysis, and "personality" is invariably invoked. "It's a job in which you've got to be immensely curious," says David Moss, vice-chairman of asset management at BZW Investment Management. 'You also need people with a degree of independence. Motivation is often a feeling of pride—you know damn well you've done a good job even if your portfolio isn't in the top 5 or 10 per cent."

The prospects are not unattractive. By the time a good fund manager reaches his early forties, his basic salary might have risen to £50,000 with performance-related bonuses adding another 30-50 per cent. There will probably be a subsidised mortgage, a car and the usual range of perks. Hours, stretching from perhaps 8.30 am to 5.30 or 6 pm, are not the City's most unsocial.

All of which, in the fund management world, is progress. The entry of American houses into the UK, spurring on the established organisations, has helped transform managers into the not-so-poor relations of the industry. "Rises have not been as steep as for brokers, but the market has improved," say recruitment consultants Badenoch and Clark. "Increasingly, the performance of someone's funds will dictate his bonus at the end."

Whispers in the industry say the large merchant bank/financial conglomerates are losing funds to the independents because clients suspect a conflict of interests. Certainly, more groups are distancing their fund management arms—witness Warburg's decision this week to float off Mercury Asset Management as a separate company.

Even so, the fund management profession is considerably more stable than that of stockbrokers' analysts or investment salesmen. This is partly put down to the promotion of houses rather than individuals, and partly to the fact that the profession has a clear promotional ladder.

"An analyst can go on being the world's expert on widgets forever and only advance by moving, we're in a more structured profession" is a typical response. "Promote individuals and the chances are they'll be poached" may be just as close to the truth. No one can remember a case of a fund manager changing houses and taking funds with him — something which is prevalent in broking, even merchant banking — though some suspect that, after a few years, well-fostered clients may follow.

What has not changed — indeed, if anything, deteriorated —is the link with industry. According to recruitment consultants Michael Page City, the odd graduate in his 20s, having started in industry, may cross to an analyst's position and subsequently move into fund management. But pass 30 and the barriers are almost impenetrable.

More significantly, once into fund management proper, trips north of Watford become a rarity. Pilkington, the Merseyside glass-maker whose defence against the unwanted BTR bid did much to generate the current round of "short-termism" flak, says the sight of a fund-manager in St Helens is "a rarity"—and he is probably accompanying an analyst colleague. A typical City-based manager reckons one company visit a week might be ideal but, in practice, one a month would be good going.

But the key element which underlies all these restrictions is the pressure to perform: "an unhealthy obsession" in the words of one.

More than 400 pension fund trustees subscribe to the WM rankings—the most widely used league tables of pension fund performance, pumped out annually by WM Company (once part of the stockbrokers Wood Mackenzie and now independent). Unit trust or unit-linked funds hit the limelight every month in savings magazines and personal finance columns.

And there is no doubt that money, even in the pensions world, switches. Typically, a pension management contract will be on a three to five-year renewable basis and if, at the end of that, the fund is not in the top quartile—even decile—the fund manager will lose the business.

How quickly action is taken when performance lags is a moot point. "It's a whole man-management process," comments Mr Trevor Pullen at the Pru. "Some fund managers are long-sighted investors and can see situations developing on a two or three-year view. Others will try to be closer to the situation and get in at the turning point."

Patience is constrained by client demands. On high profile unit trusts, to trail your competitors for six or nine months may necessitate action; even on a pension fund, two years is seen as the upper limit.

"There is an element of truth in the debate," says one manager candidly, "but if you're running a pension fund, the trustees want short-term performance. Then, if someone bids for their company, they suddenly expect you to take the long view. I know we own the companies, we're not just people holding bits of paper; all the same, the pressures are on us."

Many managers go further and point out that there is actually a legal obligation to do the best for a client: "There's such a thing as fiduciary duty, and there's a fairly clear-cut responsibility to do the best for trustees. The long-term industrial good is a rather nebulous concept."

That, of course, is an aspect Mr Walker did not overlook. Along with strictures that fund managers should exercise their influence on inadequate boards, he had plenty of advice for trustees. "It is important that trustees should give fund managers realistic objectives. . . . Trustees should not press or expect their fund managers consistently to achieve the top quartile."

West End theatres

When a free market is not the ticket

By Antony Thorncroft

THE PHANTOM of the Opera is the hottest show in London's West End. You have to go back six years, to the early days of Cats, for a comparable rush on the box office. But you can see Phantom tonight—at a price.

A call to one of the numbers listed among the classified advertisements in daily newspapers might produce a pair of seats for £150 — for a restricted view. A wander into one of the ticket agencies that have sprung up in Shaftesbury Avenue and Charing Cross Road could yield a single ticket at £100—plus VAT. And if you turn up outside Her Majesty's Theatre in the Haymarket just before 7.45 pm, a tout will offer you tickets at up to £200 each, depending on how affluent you look—and how much like a tourist.

If you wait until March 28, when Sarah Brightman makes her final appearance in the musical, you may be asked £300 for your £20 stall seat.

Of course, you can be patient and apply to the box office for tickets. A new booking period has just opened, for the autumn and early 1988, and while Saturdays before Christmas are virtually fully booked there are seats available on other nights.

But overseas visitors to London, who make up more than 40 per cent of the audience for a glamorous show like Phantom, cannot wait. They must take their chance in the free market, which means putting themselves into the hands of the touts.

Ticket touts, and even ticket agencies, have enjoyed a boom in the past two years as a consequence of legislation which was intended to protect consumers. Before this was passed, the Society of West End Theatre (SWET), a grouping of the top producers, had a cosy arrangement to advance seats to the leading ticket agencies, who then sold them to the public at a fixed commission. In 1985 this was declared a restrictive practice.

By throwing open the market, the Restrictive Practices Act has played into the hands of greedier middlemen. Of course, for most shows there is no problem. Although paid attendances in the West End last year, at around 10m, were comfortably ahead of the 8.9m they touched in 1983, there is no tearaway increase in demand. The fall in tourism in 1986 ensured that the 1985 peak of 10.8m, with a gross box office revenue of more than £100m, was not repeated.

After the abolition of the SWET cartel, theatre producers have been forced to sell tickets to anyone. This has had some positive effects, such as the appearance of companies like

Ticketmaster and First Call, which provide a 24-hour credit card booking service, supplementing over-worked theatre box offices. But it has also spawned many dubious agents.

Often the new agencies operate from smart premises in major thoroughfares, doubling up as bureaux de change and travel agencies. By offering immediate availability, they tempt tourists and take business from the traditional agents, like Keith Prowse and Edwards and Edwards, who keep to more modest mark-ups. There is concern that the newer agencies, with their higher profit margins, will force the traditional ones out of prime sites in West End hotels through their ability to pay higher rentals.

SWET, and the local and national tourist boards, are concerned at the number of complaints they receive from tourists about high ticket prices for London shows. The theatre has always been a major attraction of London and, in comparison with Broadway, tickets have been modestly priced.

Now this advantage is danger. Only about 20 per ce of tickets are sold throu agents, but they tend to be t higher priced seats and to to visitors, who find it hard get redress.

By furious lobbying, SWI has managed to persuade t Department of Trade a Industry to add a clause to t Consumer Protection Bill, n slowly passing through Parl ment requiring the price to marked on the ticket. If cu tomers are made aware of t premium they are paying, th have less cause for complain

But while theatre produce are doing their best to al tourists to the dangers of bei ripped off, by publicity leafle in overseas travel agencies a in airline magazines, they mu share responsibility for m practices.

Stories about excessive pri being paid for tickets help promote a show. Produc control the number of tick they sell to agencies. For th it can be guaranteed money advance.

Cameron Macintosh, the p ducer of Phantom, says he down the percentage of se sold through agencies to l than 20 per cent. Howev other producers are reported have made deals with the se confessed King of the tou Stan Flashman.

Unscrupulous agencies obt tickets from Flashman, applications to the box of (there is no restriction on numbers sold to each enquir and by buying daily retur Good seats for a Saturday ni can pass through many han with many profits taken, bef they reach the customer.

By opening up the West E ticket market to competiti the Office of Fair Trading ov looked the fact that in t market there is limited supp

Real problems only a when a show is a tremend success. Touts can be left w an embarrassing surplus wh a production fails to live up its publicity, as in the case Chess. While a handful West End shows can comma a premium on ticket pri more are offering seats at price through the ticket bo in Leicester Square.

Letters to the Editor

Non-insider dealing

From Mr I. Ferguson

Sir,—While the echoes and consequences of Big Bang and the ethics of insider dealing continue to rumble around an anxious City, there is one area were a mass of small investors seem to be taken to the proverbial cleaners without a murmur. The Stock Exchange works to dealing periods for a fixed account day 10 days after the last dealing day.

It is a not infrequent experience to find settlement of a sale does not come through until after the next account date. While one would very much hesitate to suggest that this is deliberate, there are some immense sums of money tied up in the accounting system which are likely to be gaining interest but not to the advantage of the seller. While there are inevitably going to be some problems with such a number of dealings, the frequency with which delays occur may perhaps indicate some financial disincentive for prompt payment. Conveniently one sees considerable promptness in the debiting of an account for a purchase. Is there no way that some automatic penalty may be applied for tardiness of payment? It would seem quite possible that the amount of annualised lost interest in this way may make the gains of insider dealing look positively trivial.

Ian Ferguson,
4 Burns Court,
Marine Parade,
Dawlish, Devon.

A mother's needs

From Dr M. Flowerday

Sir,—As a doctor who has been closely concerned with maternity cases, I must congratulate Christine Elliot on a point she made on the Lucia Van der Post page in the Weekend FT of February 21.

She stated that the three most vital things a new mother needs are a fully automatic washing machine, a washing up machine and a maternity nurse.

For many years I have been struggling with what the moderns call "Baby blues" which is simply sheer exhaustion on a nervous system which by nature is in an upset condition. The help of a good maternity nurse or visiting midwife can alleviate this condition entirely.

It is the best article on the subject I have ever read in either a medical or non medical review and I am most grateful to Lucia van der Post, of whom I am a regular reader, for bringing out these vital points. I hope they will be re-printed and re-read time and time again.

Marjorie H. E. Flowerday (Dr),
Moor View House,
Butts Hill,
Totley, Sheffield.

Weighted ranking

From Suzanne Wittebort

Sir,—Contrary to the assertion made by Mr Keith Brown, director of research at Greenwell Montagu (February 18), Institutional Investor does indeed publish a weighted ranking of top analysts at UK securities firms, in addition to the simple ranking reported on February 13. Our ranking does however differ slightly from the one proposed by Mr Brown, in that four points are assigned to first-teamers, three to second placers, two to third runners, and one to runners-up.

The results for the top ten are as follows:

Weighted ranking		Points
1	James Capel	54
2	Barclays de Zoete Wedd	41
3	Scrimgeour Vickers	37
4	Wood Mackenzie	36
5	Hoare Govett	34
6	Phillips & Drew	31
7	County Securities	24
8	Alexanders Laing & Cruickshank	22
	Greenwell Montagu Securities	22
10	Kitcat & Aitken	20
	Warburg Securities	20

Suzanne Wittebort,
(Assistant Managing Editor,
London Bureau Chief),
Institutional Investor.
56 Kingsway WC2.

Approach to the Chunnel

From Mr M. Nyren.

Sir, — Despite their internal troubles, the City's financial institutions are still pretty shrewd at spotting commercial weakness. Their less than whole-hearted support for the Channel tunnel should therefore surprise no-one.

Neither should we be surprised when the tunnel consortium has similar difficulty in attracting top people to its top jobs. The terms I'm sure are generous, but the job, challenging though it be, lacks the one important element at that level: public esteem. It is not a role which the public in general regard as either worthwhile, or even necessary. (Unlike for instance the restructuring of British Leyland or British Airways—even being PM.)

The Channel tunnel's problems are exactly what we should expect on a project which although feasible and exciting technically, is weak commercially, and moreover is widely regarded in Britain as neither a priority for the economy, nor desirable socially or environmentally. They are the outward and visible signs of a national disquiet about the project which at present finds no adequate form of political expression.

When is one of the main opposition parties going to recognise that the key to success in the coming election is to scrap the whole tunnel idea and replace it with widely spread and imaginative plans for more rebuilding on our derelict land? Even a promise of the open public scrutiny so cogently proposed by Mr McCluskie would swing my floating vote.

Michael Nyren,
Court Lodge,
Bells Yew Green,
Sussex.

Piggy-back traffic

From Mr D. Davies

Sir,—Reference is made to the various letters published in your paper since February 21 regarding rail transport and the Chunnel none of which mention the inability of the present plans to cater for piggy-back traffic the use of which would relieve the road of many juggernauts.

While it is true that the present plans allow through traffic by way of containers on waggons the present gauges are such that 12 metre trailers cannot be accommodated on rail waggons such as the French piggy-back (Kangarou) system. Going back in time, the earlier Chunnel which was abrogated in 1974 would have had a new track between the Kent coast and London which would have accommodated piggy-back traffic so that many trailers would have been taken off the Kent roads. Further, it was also envisaged that there would be a link between this track and the north west of London (circa Neasden) so that trailers coming down the M1 could be put onto rail waggons in the north west suburbs of London and then taken through the south east of England to their destinations in France, Italy, Germany, etc, by rail and the Chunnel.

If one looks to the years ahead surely one should plan on the basis that rail freight traffic be expanded so as to relieve the roads of heavy trailers and to help in respect of environmental problems; this can only be maximised by way of a railway structure which allows a proper piggy-back service to operate whereby trailers can be put onto rail waggons and taken from many places in Britain to Continental centres. While it may be that this would cause considerable expense in the first instance it would surely be to the ultimate benefit of the country. Eventually, one could envisage trailers being put onto rail waggons in Scotland and being whizzed by rail through England and the Chunnel to places such as Milan. In the first instance, a start should be made by way of an appropriate track between London and the Channel link.

Bearing in mind the kind of investment in track which the French have made in recent times it is surely possible for us, at the very least, to have an appropriate track, for piggy-back traffic, between London and the Channel link.

Donald Davies.
49 Queen Victoria Street, EC4

Inquiry at the NUS

From the General Secretary, National Union of Seamen.

Sir, — The case against the National Union of Seamen as seen by what is described as "the hard left" as well as by himself, was the subject of a long report by Jimmy Burns on March 2.

The nub of this not entirely accurate account of recent NUS history is that those who claim to have "evidence" of ballot rigging trust neither the NUS nor the TUC "to manage an investigation, which if the allegations are proven, points an accusing finger at the very heart of the movement's organisational structure" ie the conduct of trade union ballots and the election of governing bodies and executive officers.

It is difficult to know who the dissident members do trust. Certainly journalists and the newspapers they write for were not so favoured until quite recently. Neither apparently do the dissidents trust themselves since on several occasions they have changed the terms upon which they would agree to any inquiry into their allegations being conducted.

The fact is that the independent inquiry they called for is now under way. There is no nobbling, no nods and winks, no arm twisting. Complete access to our records, procedures and personnel is being given. Members with or without evidence will be interviewed. Regrettably the dissidents' "evidence" remains unproduced.

The independent inquiry report will be published and widely distributed within the union. The TUC will have copies. Interested journalists will get copies. The dissidents will get copies. The executive council will get copies and decide what action should be taken in the light of the report's findings. A special general meeting will discuss the report, if this course of action is recommended by the inquiry team.

The report of the independent inquiry cannot therefore be a secret document. Given the interest in its subject matter and the implications this may have for the Labour movement at this time neither can it be a fudge. It cannot avoid facing up to the implications of the evidence, however uncomfortable this may be for the union, the TUC or the dissidents themselves.

So far the dissidents will have a ballot rigging inquiry only on their own terms. Those proposed by ourselves and the TUC are not good enough for them. This tactic keeps their complaints in the public eye, glorifies the dissidents as the protectors of trade union morality and links the NUS and the TUC as the guardians of electoral corruption. It keeps the anti NUS pot boiling while the original allegations based on unproduced "evidence" survive unexamined. One has to wonder who is really afraid of an independent inquiry.

Sam McCluskie,
Maritime House,
Old Town SW4.

Paying for electricity

From Mr R. Crum

Sir,—So electricity supply is obtaining higher profits? I'm not surprised.

I've just paid my quarterly bill. I read with interest the idea of making monthly payments, and looked at the figure they produce, calculated "especially" for me. I'm invited to pay £33.50 a month, that's £402 over the year. My present bill is £91.56, so over the year it would cost £366.24. That would mean I would be paying about 10 per cent for the service. Well, perhaps that's not too bad.

Hey, wait a minute! My present bill is for the winter quarter and is at its peak. Let's see. My annual bill is only £296.15, prices are frozen so it should stay the same, and I'm being invited to pay £105 ahead of consumption to maintain their interest-earning capacity.

Yes, friends, it's that old favourite, hand out your money to your friendly neighbourhood monopoly again. Now I'm all for efficiency, but this is a con. Perhaps the electricity consultative committees and Age Concern should take a look at it. I can just imagine some pensioner being taken for a ride on the "ease of payment" idea.

R. E. Crum,
89 Hall Road,
Norwich.

UK COMPANY NEWS

Clay Harris looks at Ladbroke's £294m rights issue

Concentrating on the heart of the matter

Ladbroke is adamant that it is not crouched to pounce on a major acquisition target.

The £294m proceeds of the UK's largest rights issue for 10 months are earmarked instead to develop the diversified leisure group's four core businesses: hotels; property; retailing: and racing (as Ladbroke prefers to describe an operation still heavily dependent on betting).

"The kind of things that have been bandied about in the past few weeks—that we might bid for Vaux or bid for Great Portland—are just nonsense," Mr Cyril Stein, chairman and managing director, said yesterday.

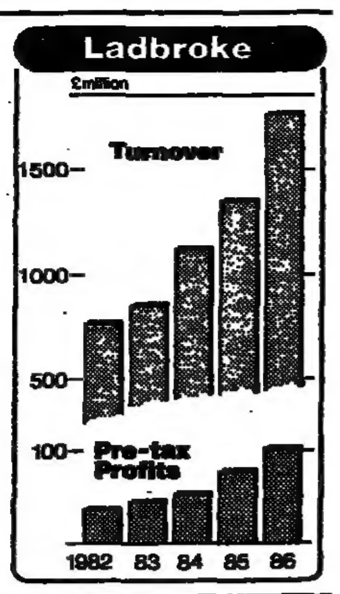
Any acquisitions will be in its four main activities, Mr Stein said, and none is likely to exceed double figures in terms of millions of pounds.

The rights issue, nevertheless, will give Ladbroke the flexibility to change its mind if an irresistible opportunity arises.

The disclosure yesterday that Ladbroke was considering an offer for its 20 per cent stake in Central Independent Television gave substance, moreover, to the group's expressed intention to sell non-core businesses that had reached maturity.

There is undoubtedly still a lot of haggling to come on the Central front, with Mr Stein spurning an offer already at a premium to the £24m market value. But house cleaning of that sort will provide an additional source of funds to be ploughed back into the most profitable fields.

Mr Cyril Stein, chairman of Ladbroke



Ladbroke's immediate aim, however, is to rebuild its balance sheet and secure a balance between short-term and long-term earnings.

The group will continue the heavy pace of capital expenditure, although it is unlikely to reach last year's level of £300m. Most will go into hotels and property, two sectors from which the payback takes a longer time to feed through.

In the buoyant DIY retailing sector, on the other hand, capital investment can show a 25 per cent return in the first year, Mr Stein pointed out.

Ladbroke yesterday spelt out its strategy for each of its core operations.

● Hotels: Further expansion is planned in key cities in the UK and elsewhere in Europe, with emphasis on the business and conference market.

In addition to new hotels such as the Langham in London, which is to be born again as a 400-room luxury facility after decades of use as BBC offices, the Ladbroke International at Manchester airport and the Ladbroke in Portsmouth, the group is refurbishing and expanding several others.

These include the Royal Kensington (bought last year), Sherloch Holmes, Park Plaza and Ladbroke—formerly Curzon—in London, the France et Choiseul in Paris, and Royal Berkshire at Ascot.

● Property: Expansion is planned in the US and the UK, including major developments in Washington, London and Birmingham.

● Retailing: Texas Homecare, the DIY group bought for £195m last March, will increase its selling space to more than 5m sq ft with the opening of an additional 29 UK superstores this year. Twenty were opened in 1986.

● Off-track betting: Ladbroke intends to build on the strength of its market leadership in Britain, Belgium and the Netherlands and its established US presence.

The market accepted yesterday's issue with equanimity, trimming only 2p off the shares price to 429p—partly because the plans appear to have leaked earlier in the week.

Mr Stein joked yesterday that institutions had received a "double discount." If the price had not slipped from Tuesday's level of 450p, the issue might have been priced as high as 400p, he said.

Even at 375p, the three-for-10 issue was priced at a tight 11.6 per cent discount to Thursday's close of 431p.

Loose lips aside, Ladbroke's decision to call for cash was not unexpected. By the end of last year, Ladbroke's gearing had risen to 77 per cent. Mr Stein indicated to analysts yesterday that the company would be more comfortable with a ratio closer to the 61 per cent figure at the end of 1985.

Nevertheless, one analyst said that his colleagues were "rather surprised that borrowings seem to have got so high." By February, net borrowing had grown to about £560m from £350m at the end of 1985.

The gearing level was not unusual for a company with considerable property interests but it might reduce flexibility to take advantage of acquisition opportunities.

The rights proceeds would save about £20m in interest costs this year.

Ladbroke appears on course to maintain its record of above-average growth, with one analyst yesterday predicting an advance in earnings per share to nearly 30p this year from the 25.02p stated by the company for 1986.

Pre-tax profits could breach £150m from the £101m achieved last year, he said.

Analysts warned yesterday, however, that Ladbroke was a leisure share for the long-term portfolio. The issue may have gone down well yesterday, but the market was likely to show twinges of indigestion.

LADBROKE PUTS ON 35% TO MOVE PAST £100M

Ladbroke Group, the hotels, property, racing and retailing group, reported pre-tax profit up from £75.1m to £101.3m—an increase of almost 35 per cent for the year to December 30 1986.

At the same time, the company announced a rights issue to raise about £294m designed to secure a balance between short and longer-term earnings growth while maintaining a strong balance sheet.

Group turnover rose from £1.34bn to £1.77bn and operating profit emerged £41.4m higher at £130.7m.

Ladbroke's hotels and holiday sector produced profit of £27.2m, up from £24.6m last time; property after interest recorded £21.4m compared with £18m; racing profit moved up £14.3m to £49.5m; and retail turned in £21.9m, almost three times more than last year's £7.8m.

The full year results included a 37-week contribution of £13.8m from Texas Homecare, the principal subsidiary of Home Charm which Labroke acquired for £195m in March last year.

Extraordinary profit of £22m (nil) arose principally through the sale of the group's bingo clubs and amusement arcades in June 1986 and the sale to Granada of Laskys for £30m last October.

An increased interest charge of £29.4m (£14.2m) reflected the ongoing capital investment made primarily in the core businesses of the group.

After a higher tax charge of £36.8m (£29.2m) earnings per share moved ahead from 21.21p to 25.02p. Profit attributable to shareholders virtually doubled from £43.2m to £84.4m.

The directors are proposing a final dividend of 7p (6.25p) making a total of 12.5p (11.25p) for the year.

The rights issue will offer 81m new ordinary shares at 375p per share on the basis of three new ones for every 10 ordinary shares held at close of business on March 5.

MEPC to face struggle for control of Oldham

By Paul Cheeseright, Property Correspondent

MEPC, now holding 68 per cent of the equity in Oldham Estate, is reconciled to the possibility that it will not gain outright control of the company.

Mr Christopher Benson, the managing director, is waiting to see how Mr Harry Hyams, who built up Oldham Estate and holds 30 per cent of its shares, will play his hand following his initial rejection of the terms on which MEPC bought its holding from Co-operative Insurance Society.

Mr Benson said yesterday that it would be more complete and satisfactory if MEPC had outright control. If not, management would have to be in a different style.

"But ultimately we would still be controlling what happens," he said.

Mr Benson added that even before MEPC moved to gain control of Oldham it had asked: "If we only finished with 68 per cent, is that the deal we want? The short answer is yes."

MEPC's purchase of the CIS stake values Oldham at between £531.4m and £620.9m, depending on the results of a recently-completed valuation of the Oldham portfolio of properties, largely in London and the south east of England.

Mr Hyams was told by Mr Benson of the MEPC purchase of Oldham equity and of its formal bid for the whole of the company in Sri Lanka last weekend. Since then he has opened up the possibility of litigation against CIS but so far Goodman Derrick, the solicitors acting for Oldham, have made no move.

CIS has been associated with Oldham for more than 15 years. It had been a key source of finance for Mr Hyams and although it had the major share of Oldham, it allowed Mr Hyams freedom to manage the company.

Following Mr Hyams' return to the UK, Oldham is believed to have had a board meeting.

According to Mr Benson, before MEPC made its offer it enquired whether Mr Hyams had a pre-emptive right to buy the shares and was told there is "nothing in existence which could constitute a contract."

In the formal MEPC offer document for Oldham, sent to shareholders on March 4, it is stated that following the announcement of the offer, Mr Hyams had informed CIS that he considered "pursuant to a letter written by CIS in 1971 at a time when CIS held some 10 per cent of the ordinary share capital of Oldham, CIS is obliged to give him an adequate opportunity to match any offer which CIS is proposing to accept."

MEPC has been told by lawyers that "Mr Hyams would not succeed in establishing that this letter constitutes a legal obligation which could invalidate CIS's acceptance of the offer."

Mr Benson observed: "I will understand if he takes action, but it can only be against CIS." In fact, CIS has already handed over its Oldham shares to MEPC.

City analysts expect that Mr Hyams will use whatever powers he can muster to thwart the offer, which, if he accepted it, would be worth some £160m.

Should he eventually accept the MEPC offer for Oldham, Mr Hyams could find himself as a reluctant holder of some 10 per cent of MEPC's equity.

London Park agrees to £38m Mount Charlotte offer

BY TERRY POVEY

A MONTH after the initial approach and following an all-night negotiation, London Park Hotels has agreed to a £38m or 760p a share cash offer from Mount Charlotte Investments. In addition Mount Charlotte is taking on board responsibility for a £14.75m debt owed by LPH.

Mr Nurdin Jivraj, LPH's deputy chairman, said yesterday that the company's board had not sought an offer but "we couldn't resist this price." Through a Jersey Trust, the Jivraj family has a 57 per cent holding in LPH via Rushlake Holdings, a private company. LPH board members representing minority shareholders are also backing the deal with Mount Charlotte.

Through the deal, Mount Charlotte will acquire the Royal Angus in Leicester Square, the Grand, the Prince of Wales in Kensington and the Crest Hotel at Heathrow, 827 rooms in all, in the London area. at present Mount Charlotte owns 58 hotels of which only nine are in London.

As a subsidiary transaction, Mount Charlotte will sell back to Jivraq interests the London Park Hotel, the Lambs service flat block in Knightsbridge, and the Countrycare residential homes company for £16m. Mr Jivraj intends to sell all but Countrycare in the near future.

"Looking forward to 1988, we will have four fully-modernised hotels which will cost us nothing in additional management time acquired for less per room than some people are leasing hotel space in central London," said Mr Robert Peel, Mount Charlotte's managing director. "Far from any risk of diluting earnings these hotels will contribute both this year and next," he added.

The offer from Mount Charlotte is of 760 of its ordinary shares for every 109 of LPH and there is a cash alternative of 760p a share. Full acceptance of the share offer would lead to the issue of 35m new Mount Charlotte shares, about 14 per cent of its expanded capital.

Robert Fleming, which is advising Mount Charlotte, has arranged to place the 19.95m shares, which Rushlake is entitled to for its 57 per cent stake, at the cash offer level.

As a result of this transaction, Rushlake Holdings, in which the Jivraj family has a 50 per cent interest via a Jersey trust, will receive a net £5.7m plus the assets it is repurchasing from Mount Charlotte. One of these, the London Park Hotel, has an estimated value of £10m.

Mr Jivraj commented yesterday that "we will be back in hotels soon for that's the business we know best"—although many expect the Ismaili family to keep its future activities in the private sector.

However, "in the meantime we may take a few stakes in various companies," added Mr Jivraj. Rushlake has a 17.2 per cent holding in Mitchell Cotts the overseas trader and transport company, and a 12 per cent stake in Wigfalls, the domestic electrical appliance manufacturer.

Hodgson issue to raise £2.85m for acquisitions

Hodgson Holdings, the fast growing funeral director, is to raise £2.85m net of expenses through the issue of up to 1.76m ordinary shares at 170p each.

The new shares have been conditionally placed with investment clients of Capel-Cure Myers but are being offered to Hodgson shareholders on the basis of one new share for every five held.

The funds raised will help the USM-quoted company satisfy its appetite for acquisitions.

In January the Birmingham based group bought three Web funeral directors in one week. It now handles about 8,000 funerals a year.

"The board continues to believe that the most practical and beneficial way for Hodgson Holdings to expand is by further acquisition of other funeral directing companies," said Mr Howard Hodgson, the chairman.

Hodgson was floated on the USM in June 1986. In the year ending October 1986 it made a pre-tax profit of £840,000 on a turnover of £2.7m.

Suter increases holding in Metal Closures

BY RALPH ATKINS

Suter, the engineering conglomerate, yesterday acquired a further 400,000 shares in Metal Closures, the metal and plastic products group, bringing its holding to 14.2 per cent.

The deal is being financed through the issue of 144,000 new shares in Suter—which will be exchanged on the basis of four Suter for five Metal Closures—and about £500,000 cash.

Metal Closures shares closed yesterday down 1p at 227p.

At the end of last month, Suter bought 2.6m shares in Metal Closures, financing the deal with £2.7m cash and 940,000 new ordinary shares.

Suter said yesterday (Friday) it has not ruled out the possibility of making a bid for Metal Closures but it has no plans at the moment.

In 1985 Metal Closures made a pre-tax profit of £3.85m—a 45 per cent drop on 1984. The fall was due mainly to the weakness of the rand against the pound which hit the group's South African interests. Turnover in 1985 was £83.7m.

Shares in Suter closed yesterday up 14p at 288p. The company has about 70m ordinary shares issued.

18m shares in Blue Circle sold

By Nikki Tait

As 18m shares in Blue Circle Industries, the UK's largest cement manufacturer, went through the stockmarket yesterday speculation grew that Adelaide Steamship, the Australian investment company headed by Mr John Spalvins, had placed its 6.8 per cent stake.

Morgan Grenfell, the merchant bank acting as Adelaide's advisors in London, refused to make any comment on the trading. Blue Circle itself said it had received no official conformation of any sale; it had also been unable to get any indication from Adelaide or its advisors as to whether the rumours were true.

Adelaide last had a notifiable holding of around 8.82m shares, and speculation suggested that if the shares had been placed through a market-maker, the volume figures would roughly equate to the buying and placing out of the same bundle.

The Australian company first disclosed a stake in BCI in mid-November when they were trading ata round 650p. Yesterday they gained 20p to 718p.

TFB/CPU

Technology for Business is acquiring the systems divisions of CPU Computers and not CPU itself as reported yesterday on the basis of an inaccurate agency announcement.

Abaco set for £8.5m purchase

BY PHILIP COGGAN

Abaco Investments, the fast growing financial services group, is expected to announce yet another acquisition on Monday—that of Trundle, Heap and Baker, the loss-adjuster.

Abaco already owns the Toplis and Harding loss-adjusting group, which it bought for £12.2m in June last year, and which forms one of the three group divisions—the other two being personal finance and commercial agency.

Consideration for the acquisition is expected to be around £8.5m and the move will reinforce Abaco's status as the second largest loss adjuster in the UK.

Abaco has expanded remarkably fast since Mr Peter Goldie and Mr Cameron Brown from Guinness Mahon, the merchant bank, moved in to the struggling property company, Greencoat Properties in 1983.

A spate of acquisitions in the financial services sector has taken the company from a market capitalisation of £5m in 1983 to around £143m now. In February, the group announced interim pre-tax profits up from £151,000 to £2.13m.

British and Commonwealth Shipping has a stake of around 23 per cent in Abaco and Standard Chartered has a holding of just under 13 per cent. Mr John Gunn is the chief executive of B and C a non-executive Abaco director.

Harvard Securities buys 8% of Derek Bryant

BY JANICE WARMAN

Harvard Securities, the OTC marketmaker, has bought a 7.86 per cent stake in Derek Bryant, the Lloyds insurance broker.

Charles Mitchel, associate director at Harvard, said he was confident that the company would show a strong earnings recovery in 1987 under the direction of the new chairman, Mr Richard Seymour.

Mr Derek Bryant, the former chairman, died in March 1986. Pre-tax profits to December 1985 had been static at £1.44m after the loss of an important US account and the decline of the dollar.

Mr Seymour said he hod closed one operation in the US and was looking carefully at others. Bryant gained around 90 per cent of its business from the US, and he hoped to reduce its dependence on the dollar.

He was also looking to acquire more British broking companies in the next few weeks.

Bryant is due to report its 1986 figures later this month. The market is expecting a 79 per cent fall in pre-tax profits to £300,000.

Mecca Leisure on target

Mr Michael Guthrie, the chairman of Mecca Leisure Group, told the annual meeting that the group had made a promising start and was well on target for the year.

He said that the major investment programme was on schedule and the company expected to see the benefits of strong growth coming through in the second half and for the next year.

With the favourable leisure market, the benefits of the flotation last October, and the management skills within the businesses, Mecca was in a strong position for further expansion, he added.

Argyle Trust in talks on possible bid

By Ralph Atkins

Argyle Trust, the financial services company, yesterday confirmed that discussions were continuing with a number of third parties about a possible bid.

The company's share price has risen sharply since the beginning of January.

In the company's annual report, published on January 29, Mr Kenneth Morgan, chairman, said that an involvement with a third party could, under certain circumstances, materially enhance the company's growth prospects.

Argyle Trust's shares closed yesterday up 2p at 126p. At the beginning of January they stood at 88p.

Ewart fails in move at Joseph Webb

By Ralph Atkins

‡Ewart New Northern, a Belfast-based property company, failed yesterday to get two of its directors appointed to the board of Joseph Webb, the holiday site and property investor.

The attempt was made at an extraordinary general meeting held at the request of Ewart and a number of other shareholders. Ewart owns 12.6 per cent of Joseph Webb's ordinary shares.

Three resolutions were proposed: the first two nominated the Ewart directors, Mr John McIlroy and Mr E. Vandyfi, to the board of Joseph Webb; the third proposed that the board should reveal details of its five-year plan. All were defeated.

Bell Resources cuts Crucible holding

Bell Resources, a subsidiary of the Perth-based Bell Group run by Mr Robert Holmes a Court, yesterday announced that it had reduced its holding in Morgan Crucible by about 600,000 shares to 18.52m shares or 19.6 per cent of the materials technology company's equity.

Analysts believe that over the last few weeks Bell had added to its Morgan Crucible Holding at around 315p a share and then sold at around 330p and that the movement in the holding being reported is the net of these transactions. Morgan Crucible closed down 3p at 319p.

Pilkington sale

Pilkington Brothers, the glass manufacturer, is selling Tunnel Building Products, a subsidiary which makes sandfill reinforced building supplies, to Steetley Brick and Tile. The purchase price was not disclosed, but is thought to be around £3m.

Pilkington said the company was being sold because it did not fit in with its core glass businesses.

AB Engineering

Associated British Engineering has agreed to acquire Peter Nisbet, suppliers of catering equipment, for £900,000, to be satisfied by 22.5m new ABE ordinary.

In addition, ABE proposes to raise about £400,000 by the issue

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§§	F.P.	30/1	87	65	‡Avesco (Reg) 1p	86	......	10.5	6.6	0.8	22.0
§215	F.P.	—	310	272	Barbour Index	305	−3	R4.0	3.1	1.8	24.8
§§	F.P.	—	63	37	‡Border TV	52xd	−1½	†g2.5	3.2	6.7	13.1
125	65	3/4	119½	104	British Airways	112	......	R6.0	2.4	4.9	9.7
105	F.P.	27/3	131	127	Capital Radio 10p	130	−1	W5.0	1.8	5.4	14.1
§110	F.P.	20/3	133	123	Dale Group 10p	130	......	R4.5	2.6	4.8	11.3
§125	F.P.	—	136	134	‡Forward Group 5p	135	......	U2.2	3.2	2.3	17.9
§70	F.P.	27/3	90	80	‡Hewetson 10p	85	−1	R2.7	2.1	4.5	15.1
§250	F.P.	—	350	315	Hobsons Publishing 5p	350	......	U6.25	2.2	2.5	25.9
§100	F.P.	14/1	121	88	‡Hornby Group 5p	106	......	R3.195	2.8	4.2	12.0
††	F.P.	—	130	120	‡Image Storage $0.01	125	......	—	—	—	—
§135	F.P.	—	146	135	‡JSB Electrical 20p	135	......	L2.9	2.9	3.0	16.4
§144	F.P.	23/1	184	144½	MIL Research 5p	183	......	R3.0	3.4	2.3	17.7
§102	F.P.	—	121	104	‡Mayborn Group 5p	116	......	R3.2	3.0	3.9	12.1
150	75	—	78	75	Mezzanine Tst. Inc.	77	......	a10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	50	......	a10.4	—	11.7	—
§§	F.P.	—	55	52	Multitrust	55	......	—	—	—	—
§100	F.P.	—	109	102	Paribas French Inv. Tst.	109	......	—	—	—	—
§120	F.P.	26/3	133	127	‡Prism Leisure Corp 10p	133	+1	R4.26	2.25	4.5	12.4
§95	F.P.	—	102	97	RCO 10p	102	......	L3.91	2.1	5.3	12.4
§100	F.P.	7/4	152	120	‡Sanders & Sidney 5p.	142	−2	R4.26	2.0	4.2	16.6
—	F.P.	—	106	97	Scot. Inv. Tst. Warrants	102	......	—	—	—	—
§90	F.P.	3/4	101	98	Sinclair Goldsmith 10p	98	−2	R2.2	2.7	3.2	16.3
—	F.P.	—	220	211	‡UTC Group	220	......	‡a14.0	—	—	9.0
§130	F.P.	27/2	183	148	Viking Packaging 10p	178	......	e3.5	3.0	2.7	17.2
§144	F.P.	—	190	170	‡Wood (John D.) 10p.	188	......	R2.5	3.6	1.9	20.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
¶	F.P.	—	17p	16⅜p	Hillards 6% Cnv. Red. Prf. £1	13⅜p	−1
§100	£50	15/5	53	41½	Mid-Sussex Water 11% Red Deb 2012-16	53	......
—	F.P.	—	100⅝	100	Nationwide 10⅝% Bds. 15/2/88	100⅝	......
—	F.P.	—	100	100	Do. 10½% Bds. 7/3/88	100	......
¶¶	F.P.	—	127p	118½p	P. & O. 6¾% Cnv. Red. Prf.	126p	......
§97.877	F.P.	—	100¼	100¼	TR Trustees Corp 10½% Deb 2016	100¼	−1½

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
170	Nil	3/4	95pm	40pm	Burgess Products	83pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including

Rivals increase stake in Edinburgh Financial

BY NIKKI TAIT

The two sides who are putting forward rival proposals for small Scottish investment trust, Edinburgh Financial Trust, both announced increased stakes in the company yesterday. Drayton Consolidated Trust, which is managed by MIM Britannia, has purchased a further 2m shares in the trust taking its holding from just over 4.5 per cent to 12.04 per cent. MIM Britannia, together with two other major shareholders—Equitable Life and Caparo—has already indicated that it will back management plans to bndon the compny's investment trust status, liquidate the bulk of its portfolio and to concentrate on financial services.

If the new Drayton holding is also voted in favour of this scheme at the shareholders meeting on March 16, backing from these shareholders will total just over 40 per cent.

However, two members of the consortium headed by Mr Bruce Judge, the New Zealand entrepreneur, have also raised their holdings in EFT—though by more modest amounts. These are Checkpoint Hong Kong, which manages foreign exchange bureaux and has purchased a further 69,500 shares taking its stake to 12.11 per cent, and trustees of Lord Tanlaw's 1965 Settlement who have acquired another 55,500 ordinary and now holds 1.24 per cent. Both have also increased their warrant holdings.

These purchases take the total holding of the Judge consortium, whic halso includes Edinburgh fund managers, Waverley Asset Management, to 21.77 per cent compared with 21.3 per cent previously.

The Judge consortium is proposing that the existing board of EFT should be removed and replaced by six new directors.

Foote Mineral

Foote Mineral, an associate company of Consolidated Goldfields, has announced that it is to sell its Cambridge, Ohio based business to Shieldalloy Corporation of Newfield, New Jersey. The sale of the Cambridge plant is the first step in carrying out Foote's plan to sell the entire company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Alliance Trust	17.5	April 16	14.75	25	20.75
Cranbrook Elec‡	nil	—	0.5	nil	0.5
Ladbroke	7	July 1	6.25	12.5	11.25
Telemetrix ......int.	nil	—	0.6	nil	0.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Telemetrix loss up to £1.2m

Telemetrix, a manufacturer of computer graphics display terminals, has reported increased losses of £1.19m for the six months to January 4 1987 compared with a deficit of £688,000 for the corresponding period of the previous year. The larger losses had been anticipated at the annual general meeting last November.

In addition there was an extraordinary item of £437,000 in respect of closure costs of certain subsidiary companies. The offices of the US company were closed in February 1987 and an estimate had been included of the remaining costs of closure. The effects of reduced expenditures, cessation of losses in the US and rationalisation were now beginning to make an impact.

The directors reported that the remaining subsidiaries were trading more acceptably and steadily increasing their proportion of external sales. Prospects for Telemetrix Research were encouraging and this operation would become a more significant contributor to group profit in the future.

Relationships with new and existing customers remained good and the company was sure that the competitive new products would generate the necessary rise in sales. Gisco would help the company to capitalise in the US upon product developments.

Turnover in the first six months was down from £8.03m to £7.53m; after tax credit of £342,000 (£91,000 nil minorities (£35,000), and the extraordinary debit of £437,000 (£55,000), net attributable losses were £1.28m (£67,000) and the loss per share 4.2p (2.8p). There is no interim payment (0.6p).

Cranbrook Electronic into loss

Cranbrook Electronic Holdings, a USM-quoted distributor of electronic components, saw last time's £475,000 pre-tax profit turn into a loss of £361,000 in the year to September 30 1986. Group turnover rose from £6.2m to £6.6m.

The directors reported that the year had been one of the most difficult in the company's sector.

The company had invested significantly in the latter part of 1985, both in personnel and capital equipment. It had succeeded in increasing market share and maintaining reasonable gross profit margins despite unprecedented trading conditions. However, this had been achieved at a high overall group cost in terms of prfitability.

As a result, Cranbrook had towards the end of the financial year made a number of major economies in peripheral areas to its core business and at September 30, 1986 it had made due provision for the costs of closure of those activities. The directors said that the steps taken would result in substantially reduced overhead costs for the current year.

Over the past four months, the group had experienced a material improvement in the book-to-bill ratio within companies, and had seen the highest monthly customer order in-take in its history.

Cost of sales rose to £4.5m (£3.9m) and other operating expenses totalled £2.4m (£1.6m). Tax receivable amounted to £129,000 (£19,000 paid), and extraordinary items showed a debit of £40,000 (nil). Loss per share worked through at 2.9p (earnings 3.9p).

No final dividend will be paid—last year Cranbrook paid a total of 0.5p.

INTL. COMPANIES and FINANCE

Taft receives offer worth $1.3bn

BY ANATOLE KALETSKY IN NEW YORK

TAFT BROADCASTING, the Cincinatti-based television station operator and programme producer threatened with break-up by a shareholder group led by the Bass family of Texas, yesterday received a $1.3bn take-over proposal from Mr Dudley Taft, the son of the company's founder.

Mr Taft was ousted from his position as president of Taft last July, shortly after Mr Robert Bass, a member of the immensely wealthy Bass family of Fort Worth, acquired 20 per cent.

Since the management reshuffle Taft has been selling assets in an attempt to improve its debt equity ratio and boost returns to shareholders. But last November the company managed to raise only $240m for five independent TV stations which had previously been valued at over $500m.

Following this setback, tension in the boardroom has mounted with Bass representatives, who now control 25 per cent, demanding faster restructuring and arguing that piecemeal sale of the company's most valuable TV stations, the ones affiliated to the NBC, CBS and ABC networks, may be required.

This has been resisited by the founding Taft family, one of Ohio's most celebrated political clans, which has included President William Howard Taft and Senator Robert Taft, the author of the Taft Hartley Act, the most important US industrial relations law.

Along with the related Ingalls family, the Tafts control 12 per cent of the company's stock.

Another celebrated investor, who may now hold the balance of power between the two rival shareholder groups is Mr Carl Lindner, the Cincinatti-based financier whose American Financial Corporation has been an active player in numerous controversial corporate restructurings and take-overs. Mr Lindner has been buying shares in Taft since last summer and now controls around 15 per cent.

The bid offers $145 in cash for each of Taft's 9.3m common shares outstanding and is backed by Narragansett Capital, a private investment firm which specialises in leveraged buyouts.

Mr Taft and Narragansett said they would contribute at least $125m in cash and Taft common stock to provide the equity capital for the company after the takeover and First Boston said it was "highly confident" of arranging financing for the remainder of the acquisition cost.

Hongkong Land grows 67% at full-time

BY DAVID DODWELL IN HONG KONG

HONGKONG LAND Properties, which is being re-organised by Jardine Matheson, its controlling shareholder, achieved after-tax profits last year of HK$920m (US$118m), a 67 per cent improvement on the HK$551m for 1985.

Much of the growth came from a lower tax bill, a steep fall in interest charges as debt has been pared, and a windfall HK$102m from the Hong Kong Government following litigation over a large residential development.

However Mr Nigel Rich, group chief operating officer since the resignation of Mr David Davis in Autumn last year, said rental incomes from property in Hong Kong had risen by 20 per cent in 1986. This gain had been disguised by lower earnings from Dairy Farm, the retailing group which was floated in Hong Kong in September. The accounts included eight months' earnings by Dairy Farm.

During 1987, the group will dispose of the Mandarin Oriental Hotels group, and its stake in the newly-formed Jardine Strategic Holdings. This will leave HK Land as a pure property group again.

Mr Rich predicted that the group would improve profits in the current year, despite the loss of retailing and hotel operations. This increase would come, in part, from rising rental income—a 15 per cent rise in rent levels was forecast for the period—and from higher occupancy levels.

HK Land's 6.3m sq ft of commercial office space in Hong Kong was 97 per cent let at the end of 1986, compared with 90 per cent a year earlier.

Group debt had been trimmed to HK$6.2bn by the end of 1986. This compares with HK$10.5bn at the end of 1985, and a peak of more than HK$16bn in 1984 when it came perilously close to collapse. Its debts have been cut mainly as a result of a range of asset sales.

The group paid HK$820m in financing charges last year, against just over HK$1bn in 1985. A further fall in financing charges can be expected in the current year, with debt falling to around HK$4.5bn following completion in the next three months of a deal with Sun Hung Kai Properties to sell the lion's share of its land bank for over HK$1.3bn.

The overall tax bill has been cut by HK$130m, to HK$72m, partly because of group reorganisation in Hong Kong during 1985.

As HK Land has been restored to financial health over 1986, so it is expected this year to re-emerge as a bidder for new development sites. But after having retreated from the residential property sector, and after selling its land bank, it is unclear where its efforts will be directed.

The group has signaled plans to develop a prime site on Ice House Street at the heart of Hong Kong's central business district. It is also expected to be a fierce bidder at a government auction later this year of the central Old Police Station site.

While the company's strong interest in this site has been widely discussed in Hong Kong, Mr Rich argued yesterday that it had no intention to buy the site at any cost. Recalling the expensive purchase in 1981 of its Exchange Square site, Mr Rich observed: "I think we have learned the lesson of paying silly prices for things. If the auction price goes too high, then we just won't get it."

If it fails, then investment in property developments outside Hong Kong is likely to be considered seriously, since only a small number of prime sites are likely to come under the auctioneer's hammer over the next two years, and HK Land's existing developments are likely to be completed by 1989.

The group plans to pay a final dividend of 20 cents, making 27 cents for the full year. This compares with 15 cents in 1985.

A professional revaluation of the investment portfolio produced a net surplus of HK$3.9bn, boosting shareholders' funds to HK$20bn, up from HK$16.4bn at the end of 1985.

IEL sustains its momentum

BY BRUCE JACQUES IN SYDNEY

INDUSTRIAL EQUITY LTD, one of Australia's best known corporate raiders, maintained its earnings momentum in the half year to December with an 87.8 per cent boost in after-tax profit from A$28.6m to A$53.8m (US$36.5m).

The interim statement is a characteristically brief report. It said simply that the group anticipated a satisfactory result for the full year.

But "satisfactory" may well be an understatement because the latest result did not include any surplus arising from IEL's part in the takeover battle for the Herald and Weekly Times which raged in the early weeks of 1987.

IEL sold a 12 per cent stake in the Herald to Mr Rupert Murdoch's News Group, giving the company the head start in the bid which it never surrendered. In the process IEL netted a capital profit estimated at around A$100m. The company also retains a holding of just under 20 per cent in Advertiser Newspapers, a Herald associate, following resolution of the Herald battle.

If the Herald profit is included in the company's second-half result, it would appear to be headed for earnings surpassing the previous full year's $145.3m. However, new capital gains tax legislation may cut net tax earnings from the Herald sortie.

IEL continued its policy of declaring all profits above the line, even though a large proportion of its earnings must have been from share trading. The company maintains that this is part of its business and thus should be included in trading rather than extraordinary profits.

Extraordinary items were thus shown as nil while revenue rose by 11.1 per cent from a A$713m to A$792m and interim dividend has been held at 50 cents a share.

Capital gains tax legislation appeared to have little effect on the company's latest result. In fact the company has provided for only A$10.6m tax on gross earnings of A$88.9m—an effective rate of 11.7 per cent compared with a corporate tax rate of 49 per cent. The effective rate was markedly lower than the 16.5 per cent tax provided in the corresponding period.

13% increase shown by Hang Seng Bank

By Our Hong Kong Correspondent

HANG SENG Bank in Hong Kong turned in attributable profits for 1986 of HK$1.05bn (US$135m) making a 12.8 per cent increase from the HK$932m in 1985.

The bank also unveiled plans to increase authorised capital by HK$2bn to HK$5bn by creating 400m additional shares, and a one-for-two scrip issue.

The move is intended to bring the bank's capital base "more into line with total assets, which have increased substantially," the bank said. At the same time it warned this should not be interpreted as a signal of profit or dividend growth in the current year.

The attributable earnings, after transfers to inner reserves, was in line with market expectations. Hang Seng Bank is controlled by Hongkong and Shanghai Banking. With virtually all of its business based on the domestic banking market, it has had profits squeezed in the recent past by sluggish loan demand, and fierce competition for banking business.

The full-year profits increase, which was substantially better than signalled at the interim stage, nevertheless reflects strong economic growth in Hong Kong in the second half of 1986. It also reflects a surge in mortgage demand, where Hang Seng is estimated to have a 15 per cent market share.

The results point to profits for Hongkong Bank its parent, which may pass HK$3bn for the first time. The Hongkong Bank reports its 1986 results next Tuesday.

Casa suffers heavy loss in 'worst year'

By David White in Madrid

CASA, the state-controlled Spanish airframe company in which Northrop of the US and MBB of West Germany are the main minority shareholders, has suffered a loss of Pta 8.6bn ($67m) last year, after making a Pta 1.6bn profit in 1985.

"It was the worst in our history," said Mr Javier Alvarez Vara, the chairman. Casa, a partner in the European Airbus, was expected to continue losing money this year but had started a programme to cut costs and raise productivity, he said.

Among the main reasons cited for last year's deficit were the fall in the value of the dollar and a poor performance in the US. The company's sales fell to Pta 46.4bn from Pta 47.8bn, and exports to Pta 32.5bn from Pta 37.2bn.

Mr Alvarez Vara said Casa was currently looking for partners for a new fighter aircraft project.

Spain's state-owned arms manufacturer Santa Barbara, another arm of the INI public sector holding group, also announced big losses and said it planned to trim 2,500 of its 5,700 jobs.

The company said its 1986 losses were about 20 per cent higher than the previous year's deficit of Pta 7.5bn. Under a four-year plan, it aims to concentrate its present six production centres into three units and invest Pta 16.5bn.

Lower bad-debt provision helps ABN rise by 10%

BY LAURA RAUN IN AMSTERDAM

ALGEMENE BANK Nederland (ABN) improved profits by 10 per cent to Fl 527m ($254.5m) last year from Fl 478m in 1985, mostly thanks to lower provisions for bad loans.

The bank, Netherlands' largest, also announced a 10-for-one share split and said it planned a maintained Fl 27 a share dividend.

ABN had been able to offset the negative effect of the weaker dollar on foreign operations by restraining spending. Expenditure edged up 1.6 per cent to Fl 2.88bn last year from Fl 2.84bn in 1985, or only half as fast as the year earlier increase.

The lower dollar, however, reduced income from foreign operations by shrinking the results when translated back into Dutch guilders. It cut Fl 73m from gross profit which was up 2.1 per cent to Fl 1.36bn.

Overall income rose a modest 1.8 per cent to Fl 4.24bn from Fl 4.17bn mostly on account of "favourable" results in the securities business.

ABN's earnings growth lagged behind the 22 per cent jump at Amsterdam-Rotterdam Bank and the 21 per cent spurt at Nederlandsche Middenstandsbank although they too derived their profits largely from lower provisions.

Provisions for bad loans were trimmed to Fl 575m in 1986, from Fl 600m the year before. Reserves for foreign lending were significantly cut although those for country risks and domestic lending were raised.

Gain lifts Belgian group

BY OUR FINANCIAL STAFF

NET PROFIT of Societe Generale de Belgique, Belgium's largest holding company, more than doubled in the first nine months of 1986 mainly because of a surge in extraordinary income.

Earnings for the period to September 30 amounted to BFr 6.2bn ($163m), up 129 per cent. The figures were contained in a prospectus for a DM 350m bond issue recently launched by the company.

Results for the full year will be published next week.

Societe Generale's profit jump for the nine months was accounted for mainly by a capital gain of BFr 3.2bn following the company's sale of its 18 per cent stake in Genstar Corp to Imasco, the Canadian tobacco and retailing company.

Societe Generale indicated that earnings in 1987 would not show the same large growth as last year. However, the company would maintain dividends.

Haeco boosts earnings 25%

HONGKONG AIRCRAFT Engineering Co (Haeco), the Swire Pacific subsidiary currently refurbishing 19 Boeing 747s for British Airways boosted attributable profits 25 per cent for 1986 to HK$145m (US$18.6m) from HK$115m in 1985, our Hong Kong correspondent writes.

The increase came on a 7 per cent rise in turnover from HK$847m to HK$908m. The group attributed the improvement to growth in Cathay Pacific's fleet of Boeing 747s, and a contract to maintain six Lockheed TriStar aircraft for United Airways, as well as the British Airways contract.

Tokyo to ease rules on bond allocations

BY YOKO SHIBATA IN TOKYO

JAPAN'S Ministry of Finance has confirmed that the Government is on the verge of easing requirements for participating in medium-term government bonds. The move will allow more foreign securities houses to join the bond auctions.

At the same time the syndicate of securities companies that distributes the long-term government bonds is considering enlarging the tiny allocations given to foreign houses.

The ministry has not revealed when the changes will take place, but it is generally believed the requirement will year starting next month. Long-term bond syndicate changes are likely to take place at the same time.

Under the present rules, medium-term government bonds are auctioned among those banks and securities houses belonging to the syndicate of long-term government bond underwriters and which have accounts with Bank of Japan (BOJ).

The proposed changes would mean that foreign financial institutions which do not have accounts at the BOJ will be able to participate in auctions. joined by 17 foreign securities houses. But only two of them—the Japanese subsidiaries of Merrill Lynch and Salomon Brothers — have accounts with the BOJ. The government employs the auction system for medium-term (two to five years) bond issues.

As for the long-term government bonds, such as the 10-year notes which dominate the market, the government uses a large underwriting syndicate to place such notes. Foreign members of the underwriting syndicate are allocated a minute portion: 0.01 per cent for foreign securities houses in the case of 10-year government bonds.

Foreign firms, with the support of their governments, have been calling for larger portion of Japanese bond underwriting. Some foreign institutions and some of Japanese houses would prefer a public auction system for the 10-year bonds too. This would allow foreigners to bid for larger share of the bonds.

Last month, Salomon Brothers became the first foreign broker to dominate the two-year bond auction with its successful bid-

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

[illegible]

LONDON MARKETS

ALUMINIUM

[illegible]

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

TIN

KUALA LUMPUR TIN MARKET: Close 17.01 (16.51) ringgit per kg. Up 0.50 ringgit per kg.

GOLD

[illegible]

SILVER

[illegible]

INDICES

REUTERS

1646.5	1664.5	1611.4	1854.8	

(Base: September 18 1931=100)

DOW JONES

Dow Jones				
Spot	115.98	115.49	—	128.71
Fut	115.59	114.16	—	133.58

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
April	121.0-124.8	−0.88	—
June	111.0-112.0	−0.25	—
August	108.9-110.0	+0.75	—
October	110.8-111.0	−0.25	—
Dec	111.5-112.5	—	112.0
Feb	115.0-115.0	−0.80	—
April	114.5-118.0	−0.25	—

Sales: 10 (60) lots of 20 tonnes.

COCOA

Futures traded in a confined range, closing near the day's lows. Stronger sterling and arbitrage selling kept the market under pressure although manufacturer price-fixing was also evident. Physical business again remained light with origins reluctant to sell and consumers mainly sidelined, reports Gill and Duffus.

	Yesterday's close	+ or —	Business done
	£ per tonne		
March	1270-1274	+1.0	1278-1268
May	1302-1305	−2.0	1311-1301
July	1332-1334	−0.5	1341-1331
Sept	1358-1360	+2.0	1358-1357
Dec	1381-1383	−1.0	1390-1383
March	1406-1408	+2.0	1410-1407
May	1425-1427	+3.5	—

Sales: 2,392 (3,106) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for March 6: 1,584.16 (1,579.95); 10-day average for March 9: 1,570.10 (1,568.57).

COFFEE

During a subdued day houses preferred to stand aside and await developments in an unsettled market, reports Drexel Burnham Lambert. In the lightest volume of the week light book-squaring kept levels buoyant. Rising sterling prevented levels from climbing too high.

COFFEE	Yesterday close £ per tonne	+ or —	Business Done
Mar	1278-1285	+22.5	1275-1244
May	1290-1294	+14.5	1303-1205
July	1310-1315	—	1321-1290
Sept	1335-1340	−5.0	1343-1315
Nov	1369-1370	+2.0	1370-1348
Jan	1390-1398	+1.5	1393-1370
Mar	1400-1450	−5.0	1410

Sales: 3,958 (7,084) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 5: Comp daily 1979 98.73 (99.25); 15-day average 111.59 (112.70).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Mar	118.00	+0.50	113.50	+0.15
May	118.55	+0.55	115.05	−0.05
July	120.95	+0.50	—	
Sep.	99.00	—	98.45	+0.25
Nov.	101.10	—	110.35	+0.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

POTATOES

[illegible]

US MARKETS

GOLD FUTURES opened lower as expected, but early trade and local buying steadied prices before two-sided trading by the commission houses and locals set in, on balance keeping the market under light pressure, reports Drexel Burnham Lambert. Pre-weekend short-covering pared losses on the close. Fund buying in May silver futures was counter-balanced by commission house selling in July, the market easing despite trade scale-down buying. Trade selling at the highs in platinum futures was sufficient to prompt commission house selling, touching off light stops as the market declined to the lows, where local buying supported prices. Early trade buying in crude oil futures touched off commission house stops but resistance and profit-taking at the highs led to trade selling which prompted the locals to liquidate longs before fresh buying emerged to steady values. Pre-weekend book-squaring, profit-taking, short-covering and trade buying steadied coffee futures, especially in the near months, paring losses in forward months. Speculative buying and short-covering following earlier light industry buying steadied cocoa futures in the face of light scale-up trade selling and Brazilian price-fix selling. Sugar futures traded in a narrow range with price-fix selling and scale-down trade support at both ends of the range. Trade and commission house buying took the market back to the highs in light volume. The grains were generally lacklustre, with little feature apart from usual pre-weekend trading. Buying interest under the US support programme coupled with a large bean crush report helped steady both the soyabean and soyabean oil futures. Live cattle futures steadied on short-covering while obth the hogs and pork bellies continued steady, reflecting cash prices.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
March	60.50	60.10	—	—
May	60.50	60.40	60.80	59.90
July	59.50	59.40	59.30	59.05
Sept	58.50	58.40	57.90	57.90
March	57.90	57.80	—	—
May	57.90	57.80	—	—
July	57.90	57.80	—	—

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 ton, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 558.5 (559.5) cents per troy ounce.

MEAT

[illegible]

SUGAR

[illegible]

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
May	187.8-188.0	184.4-184.8	187.8-184.0
Aug	188.8-189.8	188.2-186.4	189.0-186.0
Oct	190.2-190.4	187.6-187.8	190.2-187.4
Dec	196.0-195.0	189.0-191.0	—
Mar	195.2-196.0	193.4-194.0	196.0-194.0
May	199.0-199.0	195.6-201.0	—
Aug	199.8-201.4	189.0-201.0	199.0-198.4

Sales: 375 (1,973) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £235.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for March 5: Daily price 8.03 (8.05); 15-day average 7.53 (7.50).

OIL

Crude prices were firmer but the volume of trade was less than any other day this week. Brent traded modestly for April and May. April WTI opened 9c up on Nymex and traded 32c up at 1.30 pm EST. All petroleum products firmed on active buying and tightening suplies and in sympathy with futures markets—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.90-17.00*	−0.25
Brent Blend	17.40-17.50	+0.20
W.T.I. (1pm est)	16.10-10.15*	+0.55
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	180-185	+10.5
Gas Oil	143-145	+5
Heavy feul Oil	92-93	+3
Naphtha	[illegible]	[illegible]

RUBBER

[illegible]

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
Mar	95.00	+5.75	95.00
Apr	93.00	+3.00	93.00
May	95.00	+4.00	95.00

Turnover: 54 (0) lots of 100 tonnes.

FREIGHT FUTURES

The market was strong throughout the day on further short-covering and fresh buying following reports of heavy Soviet grain purchases and also on the back of the firmer crude oil market, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	915	923/900	890/891
July	799	800/775	757
Oct.	873	875/855	846/848
Jan.	871/875	873/868	840/845
Apr.	840	—	840/865
July	750	750	750/754
Oct.	850	—	820/870
Jan.	900	900	880/885
BFI.	865.5	—	861.5

Turnover: 787 (788).

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Mar	145.00	+6.00	146.75-42.[illegible]
Apr	146.75	+5.50	147.25-44.[illegible]
May	146.25	+4.50	147.50-44.[illegible]
June	145.00	+3.50	147.00-45.[illegible]
July	146.00	+4.00	146.00

WORLD STOCK MARKETS

WALL STREET

Mixed on employment figures

THE MARKET paused on Wall Street yesterday, after two sessions of strong gains, and traded mixed on heavy volume. Blue Chips inched higher but the broader market eased as a stronger than expected rise in February non-farm payroll employment caused investors to re-evaluate their expectations about the economy.

By 1 pm the Dow Jones Industrial Average was off 2.95, at 2273.48, reducing its rise on the week to 49.49, while the NYSE All Common index, at $165.09, shed 32 cents on the day but held a $3.08 gain on the week. Declines led advances by a seven-to-five margin in a volume of 147.72m shares.

"Most people feel this has been a good week, and the market is near its highs, and they are pretty content," trader Jack Baker, of Shearson Lehman Brothers, said.

The rise in non-farm payroll employment hurt the Bond market, Smith Barney trader Peter Furniss said, because they interpreted it as a sign the economy does not need any prodding in the form of an interest rate cut. It also caused some reassessment of investment strategy, as investors questioned whether they should resume their move into economically sensitive stocks.

Paper stocks, which soared Thursday when the dollar gave some ground and International Paper announced price increases in its liner board products, were up again. Yesterday's gains came as Stone Container also raised prices and Mead Corp and Union Camp said they were considering increases.

THE AMERICAN SE Market Value index eased 0.76 to 328.71, reducing its rise on the week to 6.95. Volume 11.79m shares.

Closing prices for North America were not available for this edition

CANADA

Stock prices held slim early gains at midsession, buoyed by Oil and non-Precious Metal shares.

The Toronto Composite index rose 5.6 to 3,625.0 in active turnover. Oil and Gas index was up 18.1 at 3,674.9 but Golds lost 41.6 to 7,361.0.

Dome Petroleum shed 3 cents to $1.15—the company reiterated that its 23 per cent stake in gold miner Dome Mines, off $¼ at $15⅞, was for sale at the right price.

TOKYO

Stock prices fell, ending five days of record-breaking rises, as concern over an overheated market and a dearth of clear buying themes led to profit-taking.

After soaring to a record of 21,345.95 in early trade, the Nikkei Dow market average closed down 70.18 at 21,105.85. Thursday the average firmed 144.37.

Declines led advances nearly three-to-two in a turnover of 1bn (950m) shares.

Profit-taking in Securities company stocks which, heavily weighted in the index, comprised much of the index's decline. Communications, Airlines, Banks, Rubbers, Electricals, Warehouses, Truckings, Minings, Insurances and other Financial firms also fell.

AIDS-related stocks, boosted by UK Government approval of Retrovir for general use, are likely to rise against the trend in the short-term, one broker said.

HONG KONG

Steady close after a late round of buying offset strong selling pressure that had spilled over from Thursday's big setback.

The Hang Seng index finished 0.20 higher at 2,798.64 after swinging some 70 points throughout the day. The Hong Kong index was up 1.01 at 1,792.71.

The Hang Seng index lost 92 points Thursday, suffering its worst loss since August 1982, and brokers said the market is now in a consolidation phase.

Brokers said economic fundamentals should continue to support the market. Gross domestic product grew by nine per cent in 1986 and is forecast to rise six per cent this year.

SINGAPORE

Mixed after profit-taking pared early gains in active trading.

Several Blue Chips and "quality" stocks, which had risen sharply during the recent rally, came under profit-taking but selective Malaysian "lower-priced" and "speculative" counters continued to attract buyers with fairly moderate gains recorded.

The Straits Times Industrial index lost 0.22 to 1072.78. Volume 57.3m (58.7m) units.

AUSTRALIA

Share markets again reached record levels, boosted by continued local and overseas demand for leading Industrials and Golds.

Brokers said market sentiment has been bullish all week because of good results during the latest reporting period and strong performances on overseas markets. "Net cash flow from overseas has remained strong and domestic institutions still have cash in their pockets," said one broker.

The All Ordinaries index was up 10.1 to 1,646.6, passing Thursday's record high of 1,636.6. The All Industrials index also closed at a new record of 2,616.1, up 11.8, and All Resources advanced 8.7 to 910.8. The Gold index was 41.7 higher at 2,187.2, but Oil and Gas shed 14.7 to 706.7.

National turnover 163.6m shares worth A$263.8m; with rises outnumbering falls 368-to-296.

Golds were quietly traded but stronger on balance. Profit-taking stepped up slightly following a US$3.20 slide in the bullion price overnight. Leading producer Kidston put on 32 cents to A$7.70, Whim Creek 50 cents to A$8.10, and Sons of Gwalia and Renison 10 cents each to A$8.80 and A$12.90 respectively. Gem Miner Ashton further advanced 23 cents to A$3.98, after a record A$4.00.

GERMANY

Mostly lower in active trading as operators squared positions ahead of the weekend.

Deutsche Bank, up DM 7.50 at 666.5, was one of the few shares which gained ground, pushed up by a large foreign buy order and helped by news it will place 1m shares of construction firm Hochtief from yesterday at DM 760 each.

Hochtief, suspended Thursday, pending the announcement, dropped Fls 131 to Fls 770.

The Commerzbank index of 60 leading shares, calculated at mid-session, rose to 1,754.6.

"Bourses still depend on the dollar and people are quick to take profits," one dealer said. Japanese investors were seen buying this week but domestic institutions remained on the sidelines.

The Auto sector came under pressure generally on news VW expects a further fall in US sales. VW fell DM 13 to 352.50 and Daimler lost DM 14 to 975. BMW dropped DM 15 to 479.

SWITZERLAND

Domestic stocks closed mixed despite selective demand as some sectors suffered from profit-taking ahead of the weekend.

Among internationally known Industrials and Financials, buying focused on Ciba-Geigy and Jacobs Suchard with the Ciba-Geigy bearer moving up Frs 175 to 3,325.

MILAN

Generally higher in fairly active trading.

Dealers said uncertainty about the current Government crisis hurt volume, which was focused on Fiat, Olivetti, Montedison, merchant bank Mediobanca and selective financials.

Banks performed well. Insurerers were mixed.

PARIS

French shares eased on profit-taking that followed five straight highs of the CAC index, at 444.1 Thursday.

The indicator was down 0.46 per cent and losses outnumbered gains by 87-to-52.

CANADA

Stock	Mar. 5	Mar. 4
Abitibi-Price	39¼	39
Abitibi Res	0.22	0.19
AMCA Intl	11⅜	11¼
Agnico Eagl	32⅝	32
Alberta Energy	17⅝	17⅜
Alcan Aluminium	50⅞	50¼

Stock	Mar. 5	Mar. 4
Cambell Red L	33⅛	33¾
Can. Cement Pt.	15⅛	15
Can. NW Energy	17½	17⅜
Can. Packers	16¾	16¾
Can. Trustco	65	64½
Can. Imp. Bank	21⅛	21⅞
Can. Pacific	23⅜	22⅞
Can. Tire A	14¼	14

Stock	Mar. 5	Mar. 4
Dome Petroleum	1.16	1.16
Domtar	45⅛	43⅞
Falconbridge	20	19⅜
Fed. Inds A	18⅜	18½
Gendis A	20⅜	20⅛
Giant Y'knife	21⅜	20⅛
Gulf Canada	25¼	25⅛

Stock	Mar. 5	Mar. 4
Macmil Bloedel	69⅛	65⅞
Magna Int	28⅝	28⅝
McIntyre Mines	42	40
Mitel Corpn	8⅛	8
Molson A	24⅞	24⅜
Moore Corpn	31⅝	31¼
Nat. Bank Can	16⅛	16⅜
NBS	19¼	19¼

Stock	Mar. 5	Mar. 4
Reed Stenh'se A	37¼	37⅛
Royal Bank Can	33⅛	33⅛
Royal Trust A	34¾	35⅛
Sceptre Res	3.90	3.90
Seagram	91	90¼
Sears Can. A	12⅞	12¾
Shell Can. A	35⅛	34¾
SHL System'hse	28⅛	27

CURRENCIES & MONEY

FOREIGN EXCHANGES

Sterling continues firm

STERLING SHOWED further gains in currency markets yesterday, closing at a six-month high on its index and its best level against the dollar since June 1986.

Demand for the pound continued amid further indications from the Bank of England that it did not wish to see an early cut in UK interest rates. Foreign investors were keen to take advantage of the interest rate differential, with Euro-yen and D-Marks offering just above 4 per cent while Euro-sterling was paying nearer 10½ per cent. This differential has been around for some time but the attraction is now much greater because of the recent stability of the dollar which has helped sterling improve.

Sterling's exchange rate index rose to 71.8 from an opening of 71.5 and last night's close of 71.4. Against the dollar it rose to $1.5900 from $1.5775 and DM 2.9250 compared with DM 2.8900. Elsewhere it rose to Y244.0 from Y241.75 and SFr 2.4650 compared with SFr 2.4350. Against the French franc it finished at FFr 9.73 from FFr 9.6150.

The dollar again met resistance at the DM 1.84 level and failed to break out of its recent trading range. With central banks still able to deter a renewed run on the dollar despite an unchanged and bearish dollar sentiment, the US unit tried to move firmer but there was still a lack of conviction despite better than unemployment figures which showed a rise in the non-farm payroll element of 337,000 and an unchanged overall figure of 6.7 per cent. The dollar closed at DM 1.8395 from DM 1.8315 and Y153.40 compared with Y153.20. Against the Swiss franc it rose to SFr 1.55 from SFr 1.5440 and FFr 6.12 from FFr 6.0950. On Bank of England figures, the dollar's exchange rate index was 103.9 from 104.1.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. February average 1.8234. Exchange rate index 147.4 against 147.6 six months ago.

There was little reaction to yesterday's better than expected US unemployment data. It is difficult to imagine what sort of response was expected since central banks still hold sufficent influence to deter any downward dollar move while speculators were unlikely to pile in and carry long positions over the weekend. The dollar closed at DM 1.8350 compared with DM 1.8415 on Thursday, having been earlier in the day at DM 1.8354. Equally there ws little reaction to a fall in West German industrial orders and output in January.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. February average 153.36. Exchange rate index 209.2 against 215.9 six months ago.

There was little movement between the yen and th dollar in quiet trading. The dollar closed at Y153.55 compared with Y153.35 in New York and Y153.75 in Tokyo on Thursday. With the dollar confined to a narrow range, attention moved towards the yen's performancme elsewhere. The D-Mark finished at Y83.76 from Y83.50.

£ IN NEW YORK

Mar 6	Latest	Previous Close
£ Spot	1.5880-1.5890	1.5835-1.5845
1 month	0.60-0.57 pm	0.57-0.56 pm
3 months	1.54-1.50 pm	1.56-1.53 pm
12 months	5.10-5.00 pm	5.02-4.92 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Mar. 6	Previous
8.30 am	71.5	70.9
9.00 am	71.4	70.9
10.00 am	71.4	70.9
11.00 am	71.6	71.3
Noon	71.7	71.3
1.00 pm	71.7	71.3
2.00 pm	72.9	71.4
3.00 pm	72.0	71.3
4.00 pm	72.8	71.4

CURRENCY RATES

Mar. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79847	0.713022
U.S. Dollar	5.5	1.2659	1.13014
Canadian $	8.2	*	1.50535
Austrian Sch.	4	16.3204	14.5955
Belgian Franc	8¼	48.1178	42.9679
Danish Krone	7	8.73340	7.80475
Deutsche Mark	3.0	2.3224	2.07494
Neth. Guilder	4½	2.62495	2.34278
French Franc	9½	7.7950	6.90516
Italian Lira	12	1650.79	1474.85
Japanese Yen	2½	194.36	173.535
Norway Krone	8	N/A	7.84035
Spanish Peseta	—	"	145.398
Swedish Krona	7½	"	7.26906
Swiss Franc	3.5	"	1.74889
Greek Drach.	20½	170.150	151.902
Irish Punt	—	0.87055	0.777590

* CS/SDR rate for Mar. 5: 1.68365

POUND SPOT—FORWARD AGAINST THE POUND

Mar. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5750-1.5905	1.5895-1.5905	0.60-0.57 c pm	4.42	1.53-1.48 pm	3.79
Canada	2.1035-2.1165	2.1140-2.1150	0.65-0.55 c pm	3.41	1.49-1.34 pm	2.68
Neth'lands	3.25¾-3.30½	3.29½-3.30½	1½-1¼ c pm	5.00	4-3⅝ pm	4.62
Belgium	59.74-60.55	60.45-60.55	17-14 c pm	3.07	41-35 pm	2.51
Denmark	10.87¾-11.01	10.99¾-11.00¼	⅞-1¼ ore dis	−1.43	4-4⅞ dis	−1.61
Ireland	1.0810-1.0965	1.0920-1.0930	0.22-0.35 p dis	−3.13	0.80-1.10 dis	−3.48
W. Germany	2.88½-2.93	2.92-2.93	1¾-1½ pf pm	6.67	4½-4¼ pm	5.98
Portugal	222.10-224.20	223.10-224.00	74-158 c dis	−6.23	260-426 dis	−6.14
Spain	203.28-204.66	204.20-204.50	37-61 c dis	−2.88	135-173 dis	−3.01
Italy	2051¼-2078¾	2077½-2078½	5pm-1lire dis	1.15	8pm-4 dis	0.38
Norway	10.95½-11.03¼	11.02-11.03	3½-4⅜ ore dis	−4.29	12⅝-13½ dis	−4.74
France	9.60½-9.73½	9.72½-9.73½	2⅜-2 c pm	2.70	5¼-4½ pm	2.00
Sweden	10.15½-10.24	10.23¼-10.23¾	½-1 ore dis	−0.88	1½-2¼ dis	−0.73
Japan	242¾-244	243½-244½	1⅜-1⅛ y pm	6.15	3⅝-3⅞ pm	5.74
Austria	20.29-20.60	20.52-20.55	11¾-10gro pm	6.21	28½-25⅞ pm	5.30
Switzerland	2.42-2.47	2.46-2.47	1½-1¼ c pm	6.69	3⅞-3⅝ pm	6.09

Belgian rate is for convertible francs. Financial franc 60.95-61.05. Six-month forward dollar 2.76-2.71 c pm 12-month 4.95-4.85 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Mar. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5750-1.5905	1.5895-1.5905	0.60-0.57c pm	4.42	1.53-1.48c pm	3.79
Ireland†	1.4495-1.4578	1.4515-1.4525	0.99-0.93c pm	7.91	2.80-2.70 pm	7.55
Canada	1.3310-1.3334	1.3320-1.3330	0.10-0.13c dis	−1.04	0.35-0.40 dis	−1.13
Netherlands	2.0650-2.0800	2.0745-2.0755	0.16-0.12c pm	0.81	0.48-0.43 pm	0.88
Belgium	[illegible]	38.00-38.10	3-4c dis	−1.05	10-12½ dis	−0.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.30-38.40.

CURRENCY MOVEMENTS

March 6	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Mar. 6	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 6½-6¾ per cent; three years 6¾-7⅛ per cent; four years 7¼-[illegible] per cent; five years 7½-7¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Mar. 6	£	$
[illegible]	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	60.45-60.55	38.00-38.10
Malaysia	4.0050-4.0110	2.5220-2.5240
N. Zealand	2.8385-2.8485	1.7920-1.7970
Saudi Ar.	5.9550-5.9605	3.7500-3.7510
Singapore	3.4010-3.4060	2.1415-2.1435
S. Af. (Cm)	3.2835-3.3060	2.0725-2.0770
S. Af. (Fn)	5.7760-5.9935	3.6365-3.7735
Taiwan	55.20-55.45	34.90-35.00
U.A.E.	5.8320-5.8370	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Mar. 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.028	1.634	3.006	250.2	10.	2.515	3.3??	[illegible]	0.856	24.54
S Fr.	0.406	0.645	1.187	98.99	3.947	1.	1.339	843.0	[illegible]	[illegible]
H Fl.	0.303	0.482	0.886	73.94	2.948	0.747	1.	629.7	0.641	18.38
Lira	0.481	0.765	1.408	117.4	4.682	1.186	1.588	1000.	1.018	29.11
C $	0.473	0.752	1.383	115.4	4.602	1.166	1.561	982.7	1.	28.61
B Fr.	1.653	2.628	4.835	403.3	16.08	4.074	5.455	3435.	3.495	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates mostly steady

INTEREST RATES showed little overall change yesterday in comparison to the steady decline seen over the past week. While sentiment remained bullish, dealers were more resigned to holding the current interest rate structure until March 17.

The day's shortage was not as severe as had been originally anticipated and it seemed that most of the shortage would be taken out. While weekend interbank money eased to a low of 10¾ per cent, it did finish bid at 11¾ per cent while period rates, having remained steady for most of the day, tended to ease off a little towards the close. The three-month interbank rate however remained at 10⅜-10¼ per cent.

UK clearing bank base lending rate 11 per cent since October 15

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £530m and a rise in the note circulation of £180m. In addition banks brought forward balances £105m below target. These were partly offset by Exchequer transactions which added £280m.

The forecast was revised to a shortage of around £500m and the Bank gave assistance in the morning of £96m through outright purchases of £7m of eligible bank bills in band 1 at 10⅞ per cent and £89m in band 2 at 10 13/16 per cent. In the afternoon the forecast was revised once again, this time back to a shortage of around £550m and the Bank gave additional assistance of £350m through outright purchases of £1m of Treasury bills and £120m of eligible bills all at 10⅞ per cent and in band 2 £2m of Treasury bills and £227m of eligible bank bills, all at 10 13/16 per cent. Total help came to £446m.

The authorities' determination to keep rates at their current level tended to percolate through to the weekly Treasury bill tender where the average rate of discount was the same as the top accepted rate at 9.6865 per cent, down from 10.1969 per cent and 10.2080 per cent respectively the previous week. This meant that all bids at the minimum accepted rate of £97.59 were met and above in full. The £100m of bills on offer attracted a high number of bids, considering the attractive nature of holding paper yielding a favourable return in comparison with the levels prevailing after an expected cut in base rates. Total bids came to £799m compared with £339m for the same amount of offer the previous week. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar. 6) 3 months U.S. dollars		6 months U.S. dollars	
bid 6¼	offer 6⅜	bid 6¼	offer 6⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Mar. 6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.80-3.90	3.90-4.00	3.90-4.00	3.90-4.05	4.00-4.15	5.0
Paris	7⅞-7⅞	7⅞-8	7⅞-8	7⅞-8	8⅛-8⅛	8
Zurich	⅞-1⅛	3⅞-4	—	3¼-3⅞	—	—
Amsterdam	6⅛-6¼	5½-5⅝	—	5⅛-5½	—	—
Tokyo	3.96875	4.09375	—	3.90625	—	—
Milan	11⅞-11⅞	11¼-11⅞	—	11⅛-11⅝	—	—
Brussels	6.30	7⅝-7¾	—	7⅝-7¾	—	—
Dublin	13⅞-14⅛	14⅛-14⅛	14⅛-14⅜	14⅛-14⅜	13½-13⅞	—

LONDON MONEY RATES

Mar. 6	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12¼-10¾	11⅞-11½	11¼-10⅞	10 7/16-10⅜	10⅛-10	10⅛-9 15/16
Sterling CDs	—	—	11-10⅞	10 7/16-10 5/16	10 5/16-9 15/16	10-9⅞
Local Authority Deposits	11¾-11½	11½	10⅞-10¾	10⅜-10¼	10	9⅞-9⅞
Local Authority Bonds	—	—	11⅛	10⅝	10⅜	10
Discount M'ket Deposits	11½	11½	10⅝	10	—	—
Company Deposits	11¼-11	11	11⅛-11	10⅜	10⅛	10 3/16
Finance House Deposits	—	—	11	10⅜	10¼	10 3/16
Treasury Bills (Buy)	—	—	10⅝	10 3/16	—	—
Bank Bills (Buy)	—	—	10¾	10	9 15/16	—
Fine Trade Bills (Buy)	—	—	11⅛	10⅝	10 3/16	—
Dollar CDs	—	—	6.35-6.30	6.30-6.25	6.30-6.25	6.40-6.35
SDR Linked Deposits	—	—	6¼-6	6 3/16-5 15/16	6⅛-5 15/16	6¼-6⅛
ECU Linked Deposits	—	—	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛

Treasury Bills (sell); one-month 10½ per cent; three-months 9 15/16 per cent; Bank Bills (sell): one-month 10 13/16 per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.6665 p.c. ECGD Fixed Finance Scheme IV reference date January 31 to February 27 (inclusive): 10.896 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from March 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8½ per cent; one-three months 8½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-12 months 9 per cent; Under £100,000 8½ per cent from March 6. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Government bonds continue to advance

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30
Mar 23	Apr 2	Apr 3	Apr 13

* New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets ended a successful week on a quietly confident note, with equities shrugging off the profit-takers and moving into the new Budget trading account, while Government bonds turned higher in the absence of any new tap stock.

The moves taken by the Bank of England this week to discourage expectations of bank base rate cuts before Budget Day kept both market sectors in check yesterday. But the City still expects interest rate cuts to follow on the heels of Budget reductions in personal taxation.

Equities opened lower as a firm pound again discouraged the international investors who have made the running in the blue chips. Market caution was confirmed when Ladbroke Group announced a £294m rights issue, and the FT-SE index fell below the 2,000 mark.

But the early fall of 15 points on the FT-SE scale was quickly trimmed, and trading slackened perceptibly. After a firm start on Wall Street, the FT-SE 100 index ended the day 4.6 down at 1998.2, and the FT ordinary 0.6 off at 1601.4.

With the exception of Shell, still sustained by the trading results, oil shares gave back a few pence of the gains scored in the past two sessions. Imperial Chemical Industries and Jaguar also suffered from a lack of international support.

Shares in Rover Group, the UK car producer, eased on the news that a further £780m in shares is to be issued to the UK Government.

The excitement on the pharmaceutical sector died down, as press and brokerage comment on its anti-Aids drug brought a dip in Wellcome shares.

Beecham turned better at the end of the day as some investors switched from Glaxo. A report on Beecham's anti-migraine drug project, intended for the British Pharmacological Society, "leaked" into the City.

Saatchi & Saatchi suffered some profit-taking after the rise prompted this week by an excellent profits statement.

Elsewhere, however, price falls were modest and buyers were hovering around the market, albeit often unwilling to buy stock.

The Gilt-edged sector opened nervously as traders absorbed the implications of the Bank's cautionary signals earlier in the week, and also the worsening in the UK current account.

Prices soon turned upwards but the market's attention was fixed on the 3.30 pm deadline, when the authorities might have brought in a new tap stock, in a further attempt to damp the market down. When the deadline passed without news, prices extended their early gains to end with net rises of ½ point—putting the longer dates on a 9.3 per cent yield.

Comment on the forthcoming flotation of Mercury Asset Management prompted a further fall in Mercury International which declined 10 more making a two-day drop of 22 at 363p. Elsewhere in Merchant banks, end-Account influences left Hambros 3 lower at 245p and Kleinwort Benson 8 off at 605p, but Guinness Peat revived with a speculative rise of 8½ to 105½p following Press comment which resurrected takeover stories. With the dividend season now complete, clearing banks passed another quiet session. Midland continued to reflect this week's good annual results and the fact that they were not accompanied by the widely-rumoured £500m plus rights issue and closed 5 up the session at 639p.

Dewey Warren, in which Mr Robert Holmes à Court's Bell Group holds a sizeable stake, moved up 18 to 223p, but end-Account selling left Minet 12 lower at 246p and Hogg Robinson off at 363p.

Allied-Lyons shot higher when recent demand increased to such proportions that it outstripped supply. Marketmakers had no option but to bid higher for stock and the situation ended with the shares closing 19 up at 405. Further stake-building by Singapore businessman Mr Ong Beng Seng was ruled out. Fresh institutional support lifted Bass 25 to a record 953p, while Whitbread "A" rose 6 to 334p on a broker's recommendation. Merland remained firm to close the week 91 higher at 511p on speculation of top management changes leading to expansion by acquisitions.

Building issues presented a mixed appearance. Blue Circle moved ahead to close 20 higher at 718p amid talk that Adelaide Steamship has placed its holding in the company. Barratt Developments, scheduled to reveal interim figures on March 19, met with a good demand and put on 4 to 190p, while Federated Housing, due to report preliminary results next Tuesday, gained 6 to 213p. Speculative activity left John Maunders 11 to the good at 288p and Phoenix Timber 13 dearer at 156p. Comment on the preliminary results prompted a rally of a penny to 278p in Heywood Williams, while Wiggins Group hardened 2 to 170p on the success of the rights issue. Magnet and Southerns, in contrast, ran into end/Account profit taking and gave up 3 to 229p, while Persimon, annual results due on Monday, settled 7 lower at 341p.

In the Chemical sector, demand persisted for Halstead, up 7 further at 206p, but Amersham came on offer and dipped 10 to 683p.

Well over 28m Burton shares changed hands yesterday amid conflicting stories regarding a possible DTI investigation into the company's successful takeover of Debenhams. The shares raced up to 321p initially on rumours that the DTI had announced it would definitely not be looking into the bid, but later reacted quite sharply following a news agency tape report that the DTI had still not ruled out the possibility of an investigation to close a volatile session 4 lower on the day at 300p. Harris Queensway, meanwhile, moved up 6 to 213p and Storehouse rose 8 to 309p as investor remained keen on leading retailers amid hopes of a bumper tax-cutting Budget. Next, with interim figures scheduled for next Thursday, added 11 at 319p Elsewhere. Lee Cooper advanced 23 to 436p on hopes of a bid from he Paris-based Compagnie de Navigation Mixte which recently increased its stake in the company to nearly 16 per cent. Charlie Browns Car Part Centres gained 15 to 270p ahead of Monday's preliminary figures, while revived speculative support lifted Amber Day 2 to 26p and Time Products 10 to 122p.

Renewed buying on further consideration of the profits potential of its Vodaphone operations helped Racal rally 6 to 241p among the otherwise lacklustre Electrical leaders. British Telecom, which is scheduled to reveal third-quarter figures on Thursday, softened a penny at 251p, while Cable and Wireless continued to reflect recent adverse comment with a fresh reaction of 4 to 345p. Elsewhere, Burgess Products were revitalised by Press comment and closed 23 higher at 256p, while Kode International jumped 6 further to 381p after comment on the excellent results. Telemetrix fell 5 to 65p following news of the final dividend omission and increased annual deficit. Cranbrook also reflected disappointing trading news with a decline of 5 to 55p.

GKN rose 4 to 341p, awaiting Wednesday's preliminary statement, but Hawker were on offer at 516p, down 13, along with Vickers, 8 cheaper at 478p. Elsewhere, TI reacted smartly to 652p, down 21, following comment on the annual figures and the planned sale of the company's domestic appliance businesses. Speculative activity revived in Laird Group which rallied 7 to 319p, but VSEL, reflecting profit-taking, gave up 10 to 301p. Woodhouse and Rixson, due to report preliminary figures next Tuesday, edged up 2 further to 91p.

Foods pursued no set course with ASDA-MFI gaining 7 to 159p and Hillsdown, on Press mention, improving 5 to 288p. Avana, on the other hand, lost 8 to 711p and Cadbury-Schweppes 5½ to 247p, the latter following the request for a SE investigation. S. & W. Berisford gave up 6 at 306p, and Park Food were lowered 12 to 218p. Tate and Lyle slipped 9 to 753p.

The call for fresh funds of £294m net via a rights issue initially upset Ladbroke, but analysts immediately revised their predictions for the group, the shares then rebounded from 418p to close only 2 off on the day at 429p. Greenwell Montagu reckon the shares are very cheap and have upgraded their current year profits forecast from £123m to £150m. London Park jumped 61 to 761p following the agreed offer from Mount Charlotte, down 4½ at 112p.

Drug shares were featured by late demand for Beecham which advanced smartly to close 19 higher at 562p amid talk that one of its drugs currently being developed may come on stream earlier than expected. In contrast, Glaxo fell ⅜ to £15⅛ while Boots closed a few pence lower at 324p. Among the anti-Aids stocks, Wellcome ran into profit-taking, but settled above the day's worst with a fall of 6 at 486p, but London International managed a gain of 7 at 342p, after having been lower at one stage. British Aerospace, a good market earlier in the week on the new aircraft orders, drifted back on scattered profit-taking to close 8 lower at 665p. Suter, preliminary figures due on March 16, moved up 16 to 288p, while Hodgsons Holdings featured a rise 16 at 200p on the proposal to raise £3m via a placing in order to fund further acquisitions. Lep Group were favoured at 173p, up 14, but end/Account offerings left Rank Organisation 15 lower at 661p. Still reflecting news that Bunzl had sold its 2.6 per cent stake in the company, Norcross fell 6 more to 312p. Technology For Business gave up 7 to 103p

TV issues, a good market earlier in the week, met with occasional profit-taking. Yorkshire closing 13 cheaper at 268p and TVS 3½ down at 364½p. Elsewhere in the Leisure sector, Stanley fell 19 to 290p.

Currency influences together with uninspiring comment about the group's short-term prospects put Jaguar down 11 more to 585p. British Car Auction picked up 4 to 220p awaiting Tuesday's interim figures, while scattered demand in a market short of stock lifted Perry 20 to 226p. Lex Service slipped 7 to 342p on closer assessment of Thursday's preliminary statement.

Principal movements in Paper/Printing tended to favour falls. DRG ran into profit-taking after Thursday's sharp rise on bid speculation and closed 12 down at 413p while mooted suitor Bunzl came back 4 to 233p. Delyn Packaging, a star performer earlier in the week, stayed at 365p. But Wace gave up 7 more at 111p. Space Planning Services, which has acquired a firm of chartered architects, lost 2½ to 85 but Moorgate rose 22 further to 180p still reflecting the Abbey Life Assurance disclosure of a 7.52 per cent stake. Monotype surged higher late to end 26 up at 181p.

Marler Estates rallied ¾ more for a two-day recovery of £1¼, but still sustained a fall of ½ on the week at £10½ following the controversy surrounding its proposals to redevelop Fulham's football ground, Craven Cottage. Elsewhere in Properties, USM-quoted Property Trust, the subject of considerable call option activity of late amid rumours of a possible cash injection, attracted further good speculative buying and touched 6p at one stage before closing a penny dearer on balance at 5¾p. Citygrove put on 7 at 178p and Laing improved 9 at 374p.

Textile issues moved irregularly with Courtaulds losing 5 further to 403p and Allied falling 10 to 300p. Investment comment failed to help John Crowther, 4 down at 193p, but lifted Palma 5½ more to 65½p; earlier in the week, the latter announced sharply increased annual profits. Demand in a narrow market raised Tomkinsons 18 to 395p and Pantherella 7 more to 158p but profit-taking brought Lamont back 9 to 231p. Harold Ingram shed 5 to 145p.

BAT Industries followed the trend of other blue chips and ended 13 lower at 523p.

Argyle Trust further improved to 126p on news that discussions with a number of third parties are continuing, although no further announcement is expected in the immediate future. In January, the chairman stated that an involvement with a third party could, under certain circumstances, materially enhance the company's growth prospects. Elsewhere, Authority Investments, 348p, and Framlington, 938p, both gained 10. MAI rose 10 to 506p, the interim results are due Monday week.

British Petroleum suffered the same fate as other leaders and ended the session 8 lower at 803p. Shell, however, were supported by comment on the Royal Dutch group's good figures and closed slightly firmer at £11⅛. Most oils settled above the worst levels with both Burmah, 482p, and Ultramar, 179p, finally showing only marginal losses. Among Overseas issues, International Petroleum rose 11 to 285p.

Current sector favourite, Paterson Zochonis, rose 7 to 338p, but other Overseas Traders gave ground. Harrisons and Crosfield slipped 2 further to 471p while Tozer Kemsley shed 2 to 151p, the latter still on talk of a possible acquisition.

Weakness in the gold bullion price left the South African gold producer prices unsupported. With neither the Continent nor the US showing a presence in London, prices drifted down by 25p or so.

Dealers said that most of the losses came in the first couple of hours of trading. Later, although prices shaded lower, three was very little pressure on the market. With little sign of buying from New York in late dealings, prices ended at the day's lows.

Among the major names, Vaal Reefs, and Buffelsfontein suffered only minor falls. Kinross and Leslie, however, came in for a bout of weakness.

Traded options

Interest in Traded Options waned and yesterday's closing total of 44,606 deals done — 35,605 calls and 9,001 puts — was easily the lowest of the week. However, British Gas remained popular with other 5,000 calls struck, while Hanson Trust were also active, recording 4,221 calls and 1,238 puts.

Traditional Options

- First dealings March 2
- Last dealings March 13
- Last declaration June 11
- For Settlement June 22

For rate indications see end of Unit Trust Service

Call options were taken out in Premier Consolidated, Centreway Industries, W.H. Smith A, Hampton Trust, Property Trust, Delta Gold, BBA, Martin Ford, Cambrian Venture, Talbex, Hollis, Datron, Howden Group, Spong, Connells Estate Agents, St. Modwen, Dares Estates, Chloride, Norfolk Capital, Blackwood Hodge, Hestair, Peek Holdings, Amstrad, Greenwich Resources, Polly Peck, Abaco, Racal and Times Veneer. No puts were reported but double options were arranged in St. Modwen, British Gas, Norfolk Capital and Greenwich Resources.

FINANCIAL TIMES STOCK INDICES

	Mar. 6	Mar. 5	Mar. 4	Mar. 3	Mar. 2	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	89.52	89.29	88.72	88.21	88.39	86.92	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.69	94.60	93.83	93.74	93.81	91.10	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,601.4	1,602.0	1,612.4	1,613.5	1,604.5	1,308.9	1,613.5 (3/3/87)	1,094.3 (14/1/86)	1,613.5 (3/3/87)	49.4 (26/6/40)
Gold Mines	338.2	346.7	339.5	325.2	324.7	333.6	346.7 (5/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.64	3.63	3.61	3.60	3.62	4.07				
Earnings Yld.%(full)	8.48	8.46	8.42	8.42	8.47	9.83				
P/E Ratio (net) (*)	14.46	14.49	14.56	14.55	14.48	12.60				
SEAQ Bargains (5 pm)	52,723	52,949	52,461	46,347	52,617	—				
Equity Turnover (£m)	—	1,938.98	1,471.30	1,383.86	1,390.06	900.12				
Equity Bargains	—	68,225	49,090	61,102	64,869	40,209				
Shares Traded (ml)	—	—	548.5	612.4	574.1	406.0				

S.E. ACTIVITY

Indices	Mar. 5	Mar. 4
Gilt Edged Bargains	225.4	165.8
Equity Bargains	442.1	318.1
Equity Value	3919.2	2973.9
5-Day Average		
Gilt Edged Bargains	180.4	171.4
Equity Bargains	390.7	386.6
Equity Value	3105.9	3086.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1592.4	1588.1	1588.4	1591.0	1593.4	1593.8	1595.3	1598.5

Day's High 1601.6. Day's Low 1587.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.92.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*405)	300	113	118	125	1	1½	2
	330	83	92	100	1	4	5
	360	55	68	77	3	10	13
	390	31	47	57	12	20	25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*319)	280	50	65	75	4	15	15
	300	40	58	65	15	23	32
	330	25	40	48	30	40	43
	360	10	23	—	50	53	—
Ladbroke (*431)	360	75	85	—	3	6	—
	390	53	63	—	6	13	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

March 6. Total Contracts 44,605. Calls 35,604. Puts 9,001

FT-SE Index Calls 805. Puts 435

*Underlying security price.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (213)

BRITISH FUNDS (6), AMERICANS (2), CANADIANS (3), BANKS (1), BREWERS (9), BUILDINGS (21), CHEMICALS (7), STORES (12), ELECTRICALS (36), ENGINEERING (10), FOODS (6), HOTELS (1), INDUSTRIALS (34), INSURANCE (3), LEISURE (8), MOTORS (3), NEWSPAPERS (1), PAPER (3), PROPERTY (8), SHIPPING (2), SHOES (1), TEXTILES (6), TRUSTS (27), OILS (7), OVERSEAS TRADERS (3), PLANTATIONS (1), MINES (7).

NEW LOWS (2)

ELECTRICALS (1) Datron Intl., INDUSTRIALS (1) Dwek Group.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Cpn London 3½pcDb 1985-93 £70⊕
Grtr London 6¼pc 1990-92 £86½⊕ 7½⊕
Barnet 12¼pc 1987 £100¼ (3/3)
Birmingham Cpn 3pc 1947 £24 (4/3). 3½pc 1946 £25 (4/3)
Leeds 13½pc 2006 £127½ 8¼
Newcastle-Upon-Tyne 11¼pc 2017 £110¼
Nottingham 3pc £20 (3/3)
Salford 5½pc 1986-88 £94½⊕
Southwark 12½pc 1987 £100 (3/3)

UK PUBLIC BONDS

Agri Mort Cpn 4½pcDb 1961-91 £76. 6¼pcDb 1992-94 £79⊕. 6⅞pcDb 1985-1990 £87½ (3/3). 7¼pcDb 1991-93 £88½. 10¼pcDb 1992-95 £99 (4/3)
Clyde Port 3pc £25 (2/3). 4pc £32 (2/3)
Grt Ouse Water 5¼pc 1986-88 £94¾ (27/2)
Met Water 3pcA 1963-2003 £42 (3/3). New River 3pcDb £42 (3/3)
Port London Authy 3pcA 1929-99 £43. 6½pc 1987-90 £89 (3/3)
Scottish Agri Sec Cpn 14pcDb 1993 £116‡

COMMONWEALTH GOVT.

S Australian 3pc 1916 £29 (27/2)

FOREIGN STOCKS (Coupons payable in London)

China 5pcReorgGoldLn 1913 £22 (4/3)

Blackett Hutton Hldgs 5½pcPf (£1) 40 (2/3)
Blackwood Hodge 9pcLn 1985-90 £93½
Blue Circle Inds 7pcDb 1988-93 £86¼. 9pcDb 1992-97 £93¼ (3/3). 10¼pcDb 1994-99 £102¾ (3/3). 6¼pcLn 1975 or af. £56
Boeing ($5) $53¼
Bogoo-Pelepah (10p) 35 (27/2)
Boot (Henry) Sons Pf (£1) 47 (27/2)
Boots 7¼pcLn 1988-93 £87
Bowater Inds 4.35pcPf (£1) 58 ½
Braime (T.F. & J.H.) (Hldgs) 95 (2/3). A 90
Bramall (C.D.) 13pcLn 1993-03 £113⊕
Bremner 10pcLn 1995 £110⊕
Brettle (George) 9¾pcLn 1987-92 £83 9½ (27/2)
Bridon 7pcPfd (50p) 30 (2/3). 8pcDb 1988-93 £86 90½ ⅝ (2/3). 10¼pcDb 1991-96 £96½⊕. 6⅝pcLn 2002-07 £62 (3/3). 7¾pcLn 2002-07 £73½⊕
Bristol Stadium (5p) 223 (3/3)
British Airways 110 10 111 1 ½ 2 2 ½ 3 3
British-American Tobacco 5pcPf (£1) 43½ (2/3). 6pcPf (£1) 56
British Amer Tobacco 10pcLn 1990-95 £95 (3/3). 10½pcLn 1990-95 £101 ¼ ½ ¾
British Benzol 13pcLn 1995 £380 3:
British Home Stores 5½pcDb 1989-94 £75¾ (2/3). 6½pcDb 1989-94 £84 (2/3)
British Printing 4.2pcPf (£1) 48 (2/3). 4.2pc A Pf (£1) 48 (2/3). 4.2pc B Pf (£1) 46. 7.5pcPf (£1) 96
British Shoe Hldgs 6½pcPf (£1) 57 (2/3). 5¼pcPf (£1) 51 (2/3). 6½pcPf (£1) 59½

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 100
Kenmare Oil Exploration (Ir25p) 24 5 ¼
North West Exploration (20p) 28 30

(By permission of The Stock Exchange Council)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	7,400	159	+7	Ladbroke	8,400	429	−2
Allied Lyons	7,100	405	+19	Land Securities	1,600	355	−2
Amstrad	2,900	189	+1	Legal & Gen.	1,000	298	+6
Assoc. Brit. Foods	571	345	−3	Lloyds Bank	1,800	500	+3
BAT	6,100	523	−13	Lonrho	1,500	285	—
BET	151	521	−2	MEPC	5,000	339	−3
BOC	1,700	451	−9	Marks & Spencer	2,700	224	−2
BPB Inds	699	675	+4	Midland Bank	1,500	639	+5
BPCC	2,300	318	−3	NatWest Bank	2,600	623	−1
BTR	1,900	337½	−½	Pearson	358	553	—
Barclays	1,200	523	+1	P & O	956	643	+2
Bass	1,300	953	+25	Pilkington Bros	260	760	−6
Beecham	10,000	562	+19	Plessey	3,400	241	−1½
Blue Circle	18,000	718	+20	Prudential	1,600	895	−14
Boots	2,900	324	−2	Racal	12,000	241	+6
Brit. Airways	19,000	114	+2	Rank Org	2,200	661	−15
Brit. Aero	1,200	665	−8	RHM	1,400	316	+3
Brit. Gas	21,000	79½	−1	Reckitt & Col	82	£10⅜	−¼
Britoil	4,400	190½	−½	Redland	2,000	473	—
BP	8,600	803	−8	Reed Intl.	974	413	+2
Brit. Telecom	5,500	251	−1	Reuters	691	678	−1
Bunzl	788	231	−4	RMC	124	814	−10
Burton	28,000	300	−4	RTZ	1,400	739	+2
Cable & Wire	3,200	345	−4	Rowntree Mac	2,200	498	+8
Cadbury Schweps	4,000	247	−5½	Ryl Bnk of Scotland	675	313	−1
Coats Viyella	240	570	−3	Royal Insurance	700	984	−3
Comm. Union	5,800	322	+3	STC	5,800	260	+1
Cons. Gold	920	841	−2	Saatchi & Saatchi	661	880	−15
Cookson	291	566	−2	Sainsbury	136	484	—
Courtaulds	352	403	−5	Scott & Newcastle	912	247	+3½
Dee Corpn	3,400	237½	+3½	Sears	4,700	141	−2
Dixons Grp	596	385	−1	Sedgwick	2,800	329	−1
English China Clays	758	416	−1	Shell Trans	8,1000	£11½	+⅛
Fisons	1,600	626	−7	Smith & Nephew	2,600	155	−1
Gen. Accident	766	957	−2	Standard Chart	1,100	765	+3
Gen. Elect	3,450	226	—	Storehouse	5,000	309	+8
Glaxo	3,300	£15⅛	−⅛	Sun Alliance	718	774	+17
Globe Investment	1,500	150½	−1½	TSB	3,900	77½	−½
Granada	307	350	−2	Tarmac	531	542	+2
Grand Met	1,800	503	−4	Tesco	252	478	—
Gus "A"	125	£13½	+⅛	Thorn EMI	905	644	—
Guardian R.E.	672	887	—	Trafalgar House	1,500	335	−1
GKN	3,200	341	+4	T'house Forte	1,300	212	−1
Guinness	11,000	323	+4	Unigate	1,300	382	−3
Hammerson Prop	336	475	—	Unilever	297	£26¼	−⅛
Hanson Trust	10,000	173	−½	United Biscuits	1,500	269	−4
Hawker Sidd	862	516	−13	Wellcome	5,300	486	−6
Hillsdown Hlgs	4,100	288	+5	Whitbread 'A'	4,200	334	−6
ICI	2,600	£13½	−¼	Willis Faber	440	438	−4
Imp. Cont. Gas	2,200	719	+3	Woolworth	158	777	−1
Jaguar	2,400	585	−11				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday, March 5 1987

Health and H'sehold Products	+44.26	Food Manufacturing	+20.48
Packaging and Paper	+29.22	Other Groups	+19.23
Electronics	+28.36	All-share Index	+19.12
Metals and Metal Forming	+26.22	Insurance (Composite)	+17.18
Textiles	+24.96	Conglomerates	+16.99
Chemicals	+24.89	Brewers and Distillers	+16.58
Shipping and Transport	+24.69	Gold Mines Index	+16.26
Other Industrial Materials	+24.68	Telephone Networks	+14.49
Contracting, Construction	+24.43	Overseas Traders	+14.39
Consumer Group	+24.43	Electricals	+14.12
Capital Goods	+23.80	Oils and Gas	+13.28
Publishing and Printing	+23.53	Food Retailing	+12.92
Agencies	+23.25	Mining Finance	+12.71
Industrial Group	+22.26	Investment Trusts	+11.89
Mechanical Engineering	+22.00	Insurance (Life)	+11.43
Stores	+21.67	Financial Group	+10.49
500 Share Index	+21.43	Merchant Banks	+ 9.36
Leisure	+21.38	Property	+ 8.23
Motors	+21.29	Insurance Brokers	+ 6.88
Building Materials	+20.58	Banks	+ 6.75

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	74	25	14	412	96	57
Corporations, Dom. and Foreign Bonds	16	0	53	109	18	219
Industrials	457	594	484	2,695	2,401	2,584
Financial and Props.	193	152	300	968	629	1,330
Oils	29	37	46	184	198	247
Plantations	2	5	7	13	19	38
Mines	34	86	61	302	263	340
Others	48	100	42	323	375	245
Totals	793	999	1,007	5,006	3,936	5,054

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri Mar 6 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thur March 5 Index No.	Wed March 4 Index No.	Tue March 3 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (208)	861.84	−0.1	7.41	3.11	17.10	1.40	862.52	866.37	865.57	686.41	866.37	4/3/87	567.54	14/1/86	866.37	4/3/87	50.71	13/12/74
2	Building Materials (27)	1042.13	—	7.50	3.13	16.74	0.72	1042.34	1044.46	1037.58	729.53	1044.46	4/3/87	613.05	29/1/86	1044.46	4/3/87	44.27	11/12/74
3	Contracting, Construction (28)	1480.36	+0.3	6.68	3.19	20.55	1.72	1475.62	1468.91	1455.48	1049.40	1480.36	6/3/87	911.08	23/1/86	1480.36	6/3/87	71.48	2/12/74
4	Electricals (12)	2023.14	—	7.45	3.88	17.23	1.39	2022.41	2039.27	2048.85	1860.58	2092.98	21/4/86	1530.01	2/1/86	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1984.91	+0.2	7.49	2.25	17.63	6.13	1981.63	1997.47	2013.38	1717.13	2013.38	3/3/87	1365.04	29/9/86	2049.85	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	477.25	−0.7	8.43	3.52	15.15	0.76	480.50	483.02	482.13	385.86	483.02	4/3/87	316.65	29/1/86	483.02	4/3/87	45.43	5/1/75
8	Metals and Metal Forming (7)	452.82	+0.8	8.00	3.30	15.18	0.00	449.32	448.96	444.12	295.38	452.82	6/3/87	241.87	2/1/86	452.82	6/3/87	49.65	6/1/75
9	Motors (15)	328.57	−0.5	8.40	3.23	13.73	0.00	330.30	334.61	336.37	268.69	337.55	2/3/87	206.90	14/1/86	337.55	2/3/87	19.91	6/1/75
10	Other Industrial Materials (20)	1468.80	−0.1	6.07	3.72	19.66	2.64	1470.66	1474.73	1469.12	1226.36	1474.73	4/3/87	993.49	21/1/86	1474.73	4/3/87	277.55	15/1/81
21	CONSUMER GROUP (184)	1182.93	—	6.18	2.69	20.81	2.33	1183.11	1181.23	1182.16	858.70	1183.11	5/3/87	759.02	14/1/86	1183.11	5/3/87	61.41	13/12/74
22	Brewers and Distillers (22)	1118.74	+1.6	7.70	3.12	16.34	3.55	1093.59	1100.69	1096.57	866.51	1118.74	6/3/87	764.25	14/1/86	1118.74	6/3/87	69.47	13/12/74
25	Food Manufacturing (25)	885.51	−0.5	7.57	3.24	17.37	1.30	889.53	895.45	899.02	625.78	899.02	3/3/87	549.51	14/1/86	899.02	3/3/87	59.67	11/12/74
26	Food Retailing (16)	2144.34	+0.9	5.89	2.59	23.61	9.65	2124.28	2145.65	2161.70	1858.78	2161.70	3/3/87	1629.09	21/1/86	2161.70	3/3/87	54.25	11/12/74
27	Health and Household Products (10)	2363.21	−0.7	4.02	1.62	28.85	0.28	2379.35	2333.45	2351.40	1462.00	2484.02	25/2/87	1375.41	14/1/86	2484.02	25/2/87	175.34	28/5/80
29	Leisure (31)	1198.98	−0.5	6.36	3.53	20.74	8.19	1197.21	1200.86	1195.64	880.92	1200.86	4/3/87	730.17	24/1/86	1200.86	4/3/87	54.83	9/1/75
31	Packaging & Paper (14)	600.51	−1.1	5.89	2.79	22.05	0.38	607.14	601.53	604.79	429.42	607.14	5/3/87	362.52	9/1/86	607.14	5/3/87	43.46	6/1/75
32	Publishing & Printing (14)	3497.30	−0.5	5.80	3.26	22.15	3.41	3586.38	3516.86	3553.58	2168.12	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.08	6/1/75
34	Stores (37)	1015.34	−0.1	6.31	2.67	21.53	1.25	1016.15	1012.54	1003.26	804.54	1016.15	5/3/87	707.79	23/1/86	1016.15	5/3/87	52.63	6/1/75
35	Textiles (17)	672.29	−0.6	7.76	3.02	14.82	0.17	676.53	680.59	678.38	481.86	693.74	20/2/87	375.50	14/1/86	693.74	20/2/87	62.66	11/12/74
40	OTHER GROUPS (88)	971.91	−0.7	8.12	3.47	15.27	1.67	978.89	978.99	981.13	825.00	985.75	25/2/87	696.16	21/1/86	985.75	25/2/87	58.63	6/1/75
41	Agencies (17)	1366.58	−0.5	4.60	1.81	29.41	3.33	1373.09	1366.59	1353.28	0.0	1373.09	5/3/87	1111.16	2/1/87	1373.09	5/3/87	1111.16	2/1/87
42	Chemicals (21)	1248.10	−0.9	7.91	3.51	15.45	2.85	1259.97	1269.53	1281.78	944.62	1315.21	25/2/87	729.34	14/1/86	1315.21	25/2/87	71.20	1/12/74
43	Conglomerates (13)	1300.27	−0.2	6.74	3.36	17.56	2.00	1303.34	1278.99	1269.39	0.0	1303.34	5/3/87	1112.14	2/1/87	1303.34	5/3/87	1112.14	2/1/87
45	Shipping and Transport (11)	1968.37	+0.5	6.82	4.04	17.77	0.00	1958.82	1958.83	1939.69	1592.25	1968.37	6/3/87	1316.35	14/1/86	1968.37	6/3/87	90.80	29/6/62
47	Telephone Networks (2)	972.40	−0.5	9.62	3.96	14.18	1.09	977.67	983.48	990.35	992.61	1050.05	4/4/86	712.14	3/10/86	1050.05	4/4/86	517.92	30/11/84
48	Miscellaneous (24)	1303.43	−1.7	9.30	3.23	12.12	3.23	1325.86	1327.43	1333.44	978.91	1344.87	18/2/87	866.26	9/1/86	1344.87	18/2/87	66.39	6/7/75
49	INDUSTRIAL GROUP (482)	1054.61	−0.2	7.01	3.01	18.07	1.92	1056.92	1057.33	1058.10	814.89	1058.10	3/3/87	691.89	14/1/86	1058.10	3/3/87	59.01	13/12/74
51	Oil & Gas (18)	1706.82	−0.3	9.94	5.33	12.72	19.18	1712.03	1685.63	1647.43	1101.76	1712.03	5/3/87	1099.63	20/2/86	1712.03	5/3/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1109.27	−0.2	7.40	3.32	17.10	3.43	1111.83	1109.88	1107.22	841.19	1111.83	5/3/87	727.53	14/1/86	1111.83	5/3/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	680.24	—	—	4.26	—	0.57	680.32	687.57	686.61	576.15	694.81	18/2/87	507.50	14/1/86	694.81	18/2/87	55.88	13/12/74
62	Banks (8)	738.86	+0.1	17.90	5.17	7.67	0.69	737.87	739.77	724.72	575.20	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	964.48	−0.4	—	4.02	—	0.00	968.58	992.46	996.76	899.49	996.76	3/3/87	765.18	23/1/86	996.76	3/3/87	44.88	2/1/75
66	Insurance (Composite) (7)	537.18	+0.4	—	4.42	—	0.00	534.94	556.79	570.73	468.73	571.05	2/3/87	403.56	2/1/86	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1192.34	−0.9	8.08	4.44	16.10	1.58	1203.10	1184.10	1196.85	1245.23	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	377.44	−0.2	—	3.85	—	0.02	378.22	381.59	382.23	336.22	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	872.38	−0.1	5.51	3.38	23.66	0.75	873.11	873.77	873.78	729.88	882.48	25/2/87	635.84	23/1/86	882.48	25/2/87	56.01	20/4/65
70	Other Financial (26)	436.03	+0.1	7.39	3.51	17.31	1.47	435.43	435.01	433.33	328.63	436.03	6/3/87	287.55	24/1/86	436.03	6/3/87	33.29	17/12/74
71	Investment Trusts (96)	972.25	−0.1	—	2.40	—	2.12	973.53	971.76	967.66	702.86	973.53	5/3/87	633.36	14/1/86	973.53	5/3/87	71.12	13/12/74
81	Mining Finance (2)	386.78	—	7.92	4.25	14.85	0.00	386.58	383.31	371.49	275.07	386.78	6/3/87	240.83	2/1/86	386.78	6/3/87	66.31	30/9/74
91	Overseas Traders (12)	896.87	+0.2	9.15	5.00	13.24	10.04	894.74	891.69	892.35	667.82	896.87	6/3/87	597.55	2/1/86	896.87	6/3/87	97.37	6/1/75
99	ALL-SHARE INDEX (727)	993.38	−0.2	—	3.44	—	2.73	995.25	995.21	992.61	763.71	995.25	5/3/87	664.42	14/1/86	995.25	5/3/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	March 5	March 4	March 3	March 2	Feb 27	Year ago	High		Low		High		Low	
FT-SE 100 SHARE INDEX ‡	1998.2	−4.6	1998.7	1987.0	2002.8	2002.7	1998.3	1983.1	1979.2	1573.8	2002.8	5/3/87	1370.1	14/1/86	2002.8	5/3/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri March 6	Day's change %	Thur March 5	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.99	+0.09	123.28	—	1.74
2	5-15 years	142.19	+0.39	141.63	—	2.55
3	Over 15 years	150.41	+0.56	149.57	—	2.60
4	Irredeemables	165.91	+0.81	164.57	—	1.62
5	All stocks	138.42	+0.33	137.96	—	2.30
	Index-Linked					
6	5 years	118.96	−0.07	119.04	—	0.83
7	Over 5 years	121.00	+0.05	120.94	—	0.68
8	All stocks	120.67	+0.03	120.63	—	0.70
9	Debentures & Loans	123.06	+0.06	122.98	—	1.01
10	Preference	84.66	+0.05	84.61	—	0.54

	AVERAGE GROSS REDEMPTION YIELDS	Fri March 6	Thur March 5	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government							
1	Low Coupons 5 years	8.34	8.33	9.28	10.26	20/1/86	7.37	18/4/86
2	15 years	9.11	9.17	9.45	10.87	20/11/86	8.32	18/4/86
3	25 years	9.12	9.18	9.45	10.88	20/11/86	8.33	18/4/86
4	Medium Coupons 5 years	9.33	9.37	10.32	11.89	14/1/86	8.58	18/4/86
5	15 years	9.31	9.36	9.81	11.23	20/11/86	8.58	18/4/86
6	25 years	9.31	9.36	9.58	10.79	20/11/86	8.58	18/4/86
7	High Coupons 5 years	9.42	9.46	10.45	12.07	20/1/86	8.73	18/4/86
8	15 years	9.46	9.52	9.98	11.41	20/11/86	8.73	18/4/86
9	25 years	9.29	9.35	9.61	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †	9.06	9.13	9.38	10.51	20/11/86	8.38	18/4/86
	Index-Linked							
11	Inflat'n rate 5% 5 yrs	2.61	2.53	4.75	5.18	14/1/86	2.53	5/3/87
12	Inflat'n rate 5% Over 5 yrs	3.39	3.39	3.88	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10% 5 yrs	0.99	0.89	3.72	4.23	14/1/86	0.89	5/3/87
14	Inflat'n rate 10% Over 5 yrs	3.23	3.23	3.65	3.85	14/1/86	3.09	19/5/86
15	Debs & Loans 5 years	10.13	10.13	11.03	12.78	27/1/86	9.72	8/7/86
16	15 years	10.28	10.29	10.85	11.93	4/2/86	9.79	22/4/86
17	25 years	10.31	10.32	10.68	11.91	20/11/86	9.69	17/4/86
18	Preference †	11.09	11.10	11.79	12.18	24/2/86	10.30	9/6/86

‡ Opening index 1993.8; 10 am 1989.2; 11 am 1988.5; Noon 1991.9; 1 pm 1991.6; 2 pm 1991.0; 3 pm 1991.4; 3.30 pm 1987.9; 4 pm 1995.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Smaller Companies International Trust (71) has been inserted. Investing in Success Equities (71) has been deleted. NAME CHANGE: Imry Property Holdings has changed its name to Imry International (69).

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday March 4, 1987		Increase (+) or decrease (—) for week
	£		£
LIABILITIES			
Capital	14,553,000		—
Public Deposits	1,435,900,506	—	228,425,387
Bankers Deposits	794,538,159	—	116,792,568
Reserve and other Accounts	1,489,036,491	—	32,925,112
	3,734,028,156	—	378,143,067
ASSETS			
Government Securities	524,507,756	+	58,005,000
Advance and other Accounts	855,405,868	—	343,871,818
Premises Equipment & other Secs.	2,347,039,588	—	92,732,493
Notes	6,832,026	+	460,024
Coin	242,918	—	3,780
	3,734,028,156	—	378,143,067

ISSUE DEPARTMENT	£		£
LIABILITIES			
Notes in Circulation	12,553,167,974	+	39,539,976
Notes in Banking Department	6,832,026	+	460,024
	12,560,000,000	+	40,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	1,751,382,592	+	809,825,807
Other Securities	10,797,602,308	—	769,825,807
	12,560,000,000	+	40,000,000

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$420	24	10	6	19.90	—	—	$406.50
GOLD C	$440	13	5.20	2	13	—	—	"
GOLD P	$360	9	1	—	—	—	—	"
GOLD P	$370	—	—	—	—	100	6	"
GOLD P	$380	10	2.80	—	—	—	—	"
GOLD P	$390	12	4.50	13	9.50	—	—	"
GOLD P	$400	15	9	10	12B	—	—	
		Mar 87		**Jun 87**		**Sep 87**		
£/Fl C	Fl.320	25	10	11	9	—	—	Fl.329.85
£/Fl C	Fl.325	11	5B	12	7.40B	2	7.50B	"
£/Fl C	Fl.330	15	3.20	1	5	—	—	"
£/Fl C	Fl.335	5	1	300	3	—	—	"
£/Fl P	Fl.325	302	2.20	300	8A	—	—	"
£/Fl P	Fl.335	—	—	20	14	—	—	"
£/Fl P	Fl.340	20	13A	—	—	—	—	
		Mar 87		**Apr 87**		**May 87**		
$/Fl C	Fl.215	54	0.20	3	1	4	1.70	Fl.207.65
$/Fl C	Fl.220	15	0.05	—	—	—	—	"
$/Fl P	Fl.200	—	—	3	1.10	—	—	"
$/Fl P	Fl.205	141	1	20	2.40B	—	—	
		Jun 87		**Sep 87**		**Dec 87**		
$/Fl C	Fl.205	3	6.20	—	—	—	—	Fl.207.65
$/Fl C	Fl.210	5	3.90	2	5.60B	—	—	"
$/Fl C	Fl.215	—	—	1	3.90	—	—	"
		Apr 87		**Jul 87**		**Oct 87**		
ABN C	Fl.520	894	13.50	161	21	26	25.50	Fl.517
ABN P	Fl.480	595	2.10	93	8.40	13	13A	"
AEGON C	Fl.90	135	2	100	4.50	16	5.20	Fl.89.60
AEGON P	Fl.95	68	6.50A	—	—	19	8.50	"
AHOLD C	Fl.115	188	3.20	135	5.10	3	7.20	Fl.111.40
AHOLD P	Fl.105	225	2.60	1	5.20A	—	—	"
AKZO C	Fl.140	745	3.20	413	5.80	82	8.50	Fl.136
AKZO P	Fl.130	131	1.30	120	5.20	198	6.50	"
AMEV C	Fl.60	—	—	—	—	25	7.80	Fl.64.70
AMEV P	Fl.75	10	11	28	11.30	5	13.30	"
AMRO C	Fl.80	221	3	97	4.60	31	6	Fl.79.70
AMRO P	Fl.80	177	3.70	25	4.50A	10	6.50A	"
ELSEVIER C	Fl.240	84	7.60	—	—	—	—	Fl.239.50
ELSEVIER P	Fl.240	44	8.50	11	15	—	—	"
GIST-BROC C	Fl.45	424	2	81	3.20	74	4.50	Fl.45
GIST-BROC P	Fl.45	154	1.80	30	3.40	1	4.10	"
HEINEKEN C	Fl.160	189	2.50	38	4.70	34	6.60	Fl.157
HEINEKEN P	Fl.150	111	5.20	33	6.50	—	—	"
HOOGOVENS C	Fl.40	121	2	63	3.30	64	4.80	Fl.39.30
HOOGOVENS P	Fl.40	41	2.80	341	3.50	163	9.50	"
KLM C	Fl.40	113	2.40	11	4.20	17	4.70	Fl.41.50
KLM P	Fl.40	2	0.90	10	2.20	66	3.40	"
NAT. NED C	Fl.70	308	5	15	6.50	31	7.50A	Fl.73.20
NAT. NED P	Fl.65	-	—	—	—	1051	2.30	"
PHILIPS C	Fl.50	980	1	514	2.50A	123	3.50	Fl.48.90
PHILIPS P	Fl.50	60	2.70	135	3.60	20	4.10	"
ROYAL DUTCH C	Fl.220	1795	5.80	534	7	104	7.50	Fl.222.90
ROYAL DUTCH P	Fl.220	936	3.20	223	9.50	53	13	"
ROBECO C	Fl.95	18	5.80	—	—	—	—	Fl.100.90
UNILEVER C	Fl.540	855	8.80	333	17	47	24A	Fl.534.50
UNILEVER P	Fl.520	346	3.50	87	12.50	21	18B	"

TOTAL VOLUME IN CONTRACTS: 963,864

A=Ask B=Bid C=Call P=Put

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Devonshire Life—Contd.

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

FS Assurance Ltd

Family Assurance Society

Federation Mutual Assurance Ltd

Framlington Life Insurance Ltd

Friends' Provident

GT Management Ltd

Gartmore Fund Managers Ltd

General Accident Linked Life Assurance

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

The LAS Group

Legal & General (Unit Assur) Ltd

Liberty Life Assurance Co Ltd

London A'deen & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capitol Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Co Ltd

Royal Life Insurance Ltd

Save & Prosper Group

Royal Heritage Life Assur.—Contd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Sentinel Life plc

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

March 11

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INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 394000

Managed	438.1	461.2	-2.3	—
Property	265.1	279.1	.....	—
Fixed Int.	164.8	173.5	+0.5	—
UK Equity	553.4	584.7	-1.2	—
Int. Equity	545.1	543.3	-3.3	—
Deposit	158.7	167.1	.....	—
Managed Property	252.2	265.5	-0.7	—
American Eagle	116.4	122.6	-2.0	—
Technology	110.5	116.4	-0.1	—
Worldwide Income	179.8	189.3	-0.2	—
Pacific	184.3	194.0	-3.3	—
Australian	94.3	99.3	-0.7	—
Japan	297.2	312.9	-2.0	—
Commodity	116.9	123.1	+1.1	—
Gold	154.1	162.3	+0.7	—
Financial	210.8	221.9	-0.5	—
Income	252.2	265.5	-0.1	—
Special Situations	244.1	257.0	-1.9	—
Preference	144.4	152.0	.....	—
Managed Currency	95.4	100.5	.....	—
European Spec. Sits.	195.4	205.7	-1.6	—
Sterling	110.3	.....	.....	—
Residential Property	99.4	104.7	+0.1	—
Pension Funds				
Managed Pension	1341.8	1412.5	-7.3	—
Gilt Pens.	371.2	390.8	+2.5	—
Property Pens.	705.6	742.8	-1.3	—
Equity Pens.	678.9	714.7	+0.8	—
Index-L Plan	129.7	136.6	-0.2	—
Guar. Pen.	262.7	276.6	+0.1	—
Leicester Retirement	172.1	181.2	.....	—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	190.7	201.0	.....	—
Gilt & Fixed Int Fd	139.5	146.8	.....	—
Cash Fund	124.6	131.2	.....	—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	317.65	18.55	.....	—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	331.5	349.1	(z)	—
Gtd. Mgd	299.4	315.3	(z)	—
Property	327.0	344.4	(z)	—
American	257.2	270.9	(z)	—
UK Equity Fund	378.3	398.3	(z)	—
High Yield	445.7	470.4	(z)	—

The Perchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Perchester Managed Funds

Albany (z)	121.3	127.6	+0.2	—
Cornhill (z)	107.0	113.0	.....	—
Irish Life (z)	119.2	125.5	+1.6	—
Royal Heritage (z)	106.7	112.4	+1.9	—
Schroder (z)	102.8	108.2	+0.9	—
Skandia (z)	123.1	129.5	+0.1	—
Target (z)	125.7	132.4	-0.2	—
Trident (z)	118.9	125.1	+0.4	—
Perchester Managed Pension Funds				
Albany (z)	134.1	141.0	+0.4	—
Schroder (z)	100.0	105.2	.....	—
Skandia (z)	130.6	137.4	+0.2	—
Target (z)	117.6	123.8	.....	—

Managed by Perchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	127.1	133.8	.....	—
Pens. Man-Schroder	513.8	540.8	.....	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical (z)	106.8	112.5	.....	—
Guardian Royal Exch.	102.9	108.4	-0.4	—
M&G Ass (Life)	127.4	129.4	.....	—
M & G Ass (Pens)	136.6	143.5	.....	—
Norwich Union Ass Mgt	95.3	98.3	.....	—
Royal Life (Uni.Lnk.Acc)	108.9	114.6	.....	—
Scot Equitable (Life)	152.6	160.6	-0.6	—
Scot Equitable (Pens)	105.1	110.6	-0.3	—
Scot Mutual (Life)	158.6	167.0	-0.9	—
Scot. Mutual (Pens)	144.3	151.9	-0.9	—
Vanbrugh Life Ass	122.0	128.5	.....	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	199.2	209.6	.....	—
Target Mngd Pension	128.7	135.1	.....	—
Albany Mngd Bond	165.3	173.9	+0.7	—
Albany Mngd Pension	210.1	221.1	+0.4	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RH)	177.2	186.6	.....	—
Ultra Bond (Roy.H)	147.1	154.9	.....	—
Flexible Managed (Hea)	151.7	159.7	.....	—
Global Managed (Schr.)	133.8	140.8	.....	—
Pension Fund (Roy.H)	123.2	129.7	.....	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	97½	Exch. 10½pc 1987	99[illegible]xd	.....	10.50	10.58
100[illegible]	93⅝	Funding 6½pc 85-87	99[illegible]	.....	6.53	10.16
101¼	96[illegible]	Treas. 10pc 1987	99[illegible]	.....	10.01	10.18
98[illegible]	90⅞	Treas 3pc 1987	98[illegible]	–[illegible]	3.04	7.05
104[illegible]	99¾	Treas. 12pc 1987	101[illegible]	+[illegible]	11.84	9.78
99¼	92[illegible]	Treas 7¾pc 1985-88‡‡	98[illegible]	–[illegible]	7.85	9.20
104	96¾	Exch 10½pc '88	100⅞	.....	11.41	9.65
102⅝	95¼	Treas 9¾pc Cv '88	100[illegible]	+[illegible]	9.74	9.66
95[illegible]	86⅝	Transport 3pc '78-88	95[illegible]	–[illegible]	3.15	6.78
102½	93[illegible]	Treas. 9½pc '88	99[illegible]	+[illegible]	9.52	9.64
107[illegible]	98[illegible]	Treas 11½pc 1989	103[illegible]	+[illegible]	11.12	9.52
103½	93¼	Treas 9½pc Cnv 1989	99[illegible]	+[illegible]	9.51	9.56
92¼	82[illegible]	Treas 3pc 1989	92[illegible]	–[illegible]	3.26	6.94
105[illegible]	95[illegible]	Treas 10½pc 1989	102	.....	10.29	9.46
104[illegible]	94¼	Exch 10pc 1989	101	–[illegible]	9.89	9.50
107[illegible]	97	Exch 11pc 1989	103[illegible]xd	–[illegible]	10.44	9.45
93[illegible]	84½	Treas 5pc 1986-89	93[illegible]	–[illegible]	5.35	7.84
110[illegible]	94⅝	Exch 10¼pcCv '89	104⅝	.....	9.74	8.03
114[illegible]	103[illegible]	Treas 13pc 1990‡‡	108[illegible]	.....	11.94	9.37
108¼	97¼	Exch 11pc 1990‡‡	103[illegible]	.....	10.59	9.43
113¼	102[illegible]	Exch. 12½pc 1990	107[illegible]	.....	11.58	9.44
89¾	79⅝	Treas. 3pc 1990	88¾	–[illegible]	3.39	7.11
100[illegible]	89¼	Treas 8¼pc 1987-90‡‡	98[illegible]	–[illegible]	8.39	8.82
106[illegible]	93	Treas. 10pcCv 1990	101[illegible]	+[illegible]	9.85	9.53
86[illegible]	76½	Exch 2½pc 1990	85[illegible]	–[illegible]	2.91	6.82
112[illegible]	99[illegible]	Treas 11¾pc 1991	107[illegible]	+[illegible]	10.94	9.42
94¼	83[illegible]	Funding 5¾pc '87-91‡‡	91⅝xd	–[illegible]	6.28	8.24
86¼	79[illegible]	Treas. 3pc 1991	85[illegible]	.....	3.51	7.10
105[illegible]	95[illegible]	Treas 10pc Cv '91	105[illegible]	+[illegible]	9.49	8.54
110⅝	96[illegible]	Exch. 11pc 1991	105[illegible]	+[illegible]	10.40	9.44
118¼	103⅝	Treas 12¾pc 1992‡‡	113¼	+[illegible]	11.27	9.37
107[illegible]	92[illegible]	Treas 10pc 1992	102[illegible]	+[illegible]	9.72	9.28

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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Building Societies

Public Board and Ind.

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AMERICANS—Cont.

CANADIANS

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Hire Purchase, Leasing, etc.

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BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

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DRAPERY & STORES—Cont.

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ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

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INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
128	81	Molnlis & Crime 10p	126	.....	12.7	2.9	5.0	15.4
339	210	Morgan Crucible	318	–4	18.5	1.5	3.8	21.1
24	15½	Morris (W) F.A. 20p	21½	–½	—	—	—	—
194	65	Moyson Grp 10p	193	.....	—	—	—	—
365	215	NMW Computers	295	.....	12.63	2.6	1.9	24.9
275	27	Nash Inds	192	+2	16.0	3.0	2.9	17.0
7½	12½	Neil & Spencer 10p	18½	.....	1.5	2.6	1.1	48.7
47	28	Newman Inds 10p	45½	+1½	—	—	—	—
136	65	Noble & Lund 10p	92	.....	10.8	1.5	2.6	(33.3)
164	153	Nobo Group 10p	165	.....	0.7	4.3	1.1	30.3
65	39	Norton	49	–1	R4.75	2.8	4.1	12.4
166	96	Norsk Systems 5p	157	.....	1.2	2.4	3.4	14.0
351	187	Norcros	312	–1	15	–	1.3	20.1
300	49	Nu-Swift 5p	300	–6	19.3	2.9	4.2	14.3
£356½	£228	OCE 9pc Cnv 1987-92	£245½	+5	13.5	2.1	1.6	40.3
149	80	Oakwood Grp	148	–12	Q9%	—	(3.7	—
250	173	Office & Elect	203	.....	4.0	0.6	4.0	59.8
51	26	Omnitech 1p	50	+2	8.5	2.9	5.9	8.3
56	18	Optometrics $0.01	23	+3	—	—	—	—
900	500	Oriflame £1	895	.....	—	—	—	—
10	5	Ovenstone 12½c	6½	+30	t28.5	2.1	4.5	17.4
250	85	PCT Grp 10p	190	+½	Q03.23c	1.9	15.4	3.4
£221½	£73½	PLM 'B' Sk 25	£209½	.....	d3.2	—	4.4	—
255	160	Pacer Systems $0.01	194	–¼	Q28%	♦	3.0	♦
242	97	Pacific Dunlop $0.5	229	+10	L003.84c	4.3	1.3	18.0
78	44	Pacific Sales 10p	68	.....	SQ11.36c	2.1	2.2	22.4
542	246	Parker Knoll 'A'	537	.....	3.0	1.4	6.2	16.2
260	89	Parkfield Group 2p	248	–9	12.0	3.2	3.1	14.1
53	17	Paxon Intl	29	–5	13.6	4.2	2.0	15.8
£130	£64½	Do 11pc CnLn '94-02	£105½	.....	—	—	—	7.7
617	393	Pearson	553	.....	Q11%	—	(12.2	—
74½	12	Peek Holdings 3p	73½	+½	110.0	2.8	2.5	18.8
176	88	Peerless	175	.....	—	—	—	—
625	141½	Pentland 10p	615	+7	16.3	2.0	5.1	(21.9)
614	775	Photo-Me	612½	.....	10.75	22.4	0.2	54.9
792	315	Pilkington Br. £1	760	–6	19.75	1.7	0.7	16.0
378	68	Do Warrants	363	–8	F22.0	2.3	4.1	(12.1)
£550½	£293	Pitney-Bowes Cnv. Ln	£524½	.....	—	—	—	—
96	52	Plastic Constr. 10p	65	+1	Q5½%	—	1.1	—
12	5½	Platignum 5p	9½	–½	12.0	1.3	6.3	17.1
200	115	Plaxton Ind.	180	+2	3.08	4.1	2.4	10.9

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net
99½	32	Leisure Inv 10p	91	+½	0.36
112	55	Leisuretime Int 10p	87	.....	12.3
123	91	Lewmar	109	+1	u2.63
127	71	Marina Dev. 50p	123	–2	♦R3.15
196	143	Mecca Leisure 10p	189	+2	14.1
220	86	Media Tech Int 20p	131	–2	2.8
215	130	Medminster 10p	188	–12½	16.25
232	114	Midsummer Leis 50p	220	.....	4.0
220	130	Miss World 10p	200	–5	6.0
90	62	Nationwide Leisure	76	.....	♦
17	8	Nordic Int 20c	10	.....	—
94	23	Omnicorp Inns NZ$0.5	56	.....	Q0.5c
294	114	Orient Ex Htls $0.125	285	+22	—
57½	23	Owners Abroad 3p	55¾	.....	1.5
175	46	Photax (Lon.)	135	.....	—
78	25½	P'dilly Radio N/V 5p	76	+1	2.0
95	25½	Pineapple 10p	88	.....	—
391	280	Pleasurama 5p	366	–1	17.5
178	136	Do 7pcCvCmRedPf	165	.....	7%
157	94	Prestwich	142	+6	0.85
93	18	Radio City 'A' N/V	93	+5	—
88	53	Radio Clyde N/V	73	+5	3.5
481	322	Really Useful Grp 5p	473	–5	11.25
70½	36½	Riley Leisure 10p	69½	–1½	—
290	129	Saga Hols. 20p	166	.....	4.6
355	148	Samuelson Grp 20p	175	–10	2.4
123	69	Sangers Photo 10p	103	+2	♦12.2
178	93	Scanro 20p	110	.....	u4.0
446	175	Scott. TV 10p	445	.....	110.5
27	7	SelecTV 10p	17	–½	—
37	19	Spectrum 5p	21	–1	—
300	119	Stanley Leisure	290	–17	u3.25
68	31	TSW 5p	66	.....	2.05
319	137	TV-am 10p	306	–5	R5.75
380	144	TVS N/Vtg 10p	365	–8	10.0
188	99	Television Serv 50p	76	–2	12.0
430	219	Thames TV	429	.....	15.5
88	50	Tottenham Hotspur	82	–1	—
120	60	Trident 10p	119	+3	1.1
367	140	Tyne Tees TV 'A' £1	367	+7	tu10.5
151	74	Ulster TV	121	–1	3.13

MOTORS, AIRCRAFT TRADES

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O.F.S.

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Finance

Australians

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

FINANCIAL TIMES

Saturday March 7 1987

Kinnock in call over London left

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR NEIL KINNOCK, the Labour leader, made clear yesterday that he believes the party must act to prevent hard-left Labour councillors in London from damaging its chances of winning the next General Election.

He said there should be a meeting of party members with political and public responsibilities in London to make it "crystal clear that those few whose antics attract sensational attention do not, and will not, exercise any influence on the policy direction or leadership of the Labour Party."

The members also had to develop the most effective means of emphasising the positive achievements of Labour in London and elsewhere.

In a statement Mr Kinnock said: "When it is obvious that there is an identifiable problem for the party I get on with taking practical steps to deal with it."

His action followed the leaking of a letter from Ms Patricia Hewitt, his press secretary, to Mr Frank Dobson, chairman of the London group of Labour MPs, who acted as adviser for Mrs Deidre Wood, the Labour candidate defeated by the Social Democrats in the Greenwich by-election last week.

The letter, sent after the Greenwich result, admitted that the "loony Labour left" was taking its toll of party support in London. It said Mr Kinnock wanted to convene an urgent meeting between London parliamentary candidates, MPs, group leaders and party managers to discuss the pre-election and general campaigns in London.

The leak of the letter has angered London Labour MPs, particularly as Mr Kinnock had told a meeting of the parliamentary party earlier in the week that there should be no post-mortem examination of the Greenwich defeat.

Speaking in Leeds last night Mr Kinnock said the letter was written before the by-election and with his authority. He described the leak as an act of cowardice by an "anonymous" person.

Referring to his call for a meeting of leading London members, he said: "The great mass of the public have come to understand that I will not tolerate the nonsense that goes on around the edges of the party and will act very firmly against it."

It was evident from Mr Kinnock's statement that the party hierarchy is worried at the way Conservative newspapers have highlighted the behaviour of the so-called "loony left." He referred to the need to "push back the prejudice fostered by our opponents" and to stress Labour's "sensible, radical and democratic values."

He added: "These are my purposes. I will continue with them."

There are 84 London parliamentary constituencies, 26 of which are held by Labour. It was not clear yesterday when the proposed meeting would take place or what form it would take.

Mr Roy Hattersley, Labour's deputy leader, took a similar line when interviewed on the BBC radio Jimmy Young programme.

He said that a small number of party members had decided that some issues were more important that the real issues of party policy. The most damaging alliance against Labour was that of the far-left fringe groups and the Conservative newspapers which spotlighted their behaviour.

Ms Linda Bellos, left-wing leader of Lambeth council said yesterday she was sick of the "loony left" label when what it really meant was socialist policies. The alternative was for the party to renege on its socialist policies and become a hostage to fortune in the media.

Mr Ken Livingstone, former Greater London Council leader, said it was morally wrong "to make lesbians and gay men scapegoats for our failure to surge ahead in the polls." This was a reference to a passage in Ms Hewitt's letter which stated that the "gays and lesbians issue was costing Labour dear."

Vauxhall Motors to end exports

By Kenneth Gooding, Motor Industry Correspondent

VAUXHALL MOTORS is to stop exporting cars to the Continent at the end of March, only three months after they resumed following a seven-year break.

Vauxhall, the UK car subsidiary of General Motors of the US, said yesterday that European-wide demand for the model—the Opel Ascona, sister of the Vauxhall Cavalier—was not as strong as expected. In addition, the company needed all production at its British factories for the UK market, and output at Luton, where the Cavalier and Ascona are produced, was still being hit by a high level of avoidable absenteeism.

"While we can't build enough cars for the home market it makes no sense to export," Mr Eric Fountain, director of public affairs, said.

The decision has angered the Vauxhall unions. They complain that the export experiment was not give a fair trial. They say proper tooling for the export models was not available and that training was inadequate.

"Senior management had no intention of making this order a success and wanted deliberately to undermine the UK's credibility within GM's organisation," members of Vauxhall's joint trade union liaison committee said.

Mr Fountain insisted the union complaints were not justified.

Vauxhall started the year intending to build 8,500 Asconas for export, mainly to Denmark and the Netherlands. The total has been reduced to 6,000 and the order will be completed by the end of the month.

Mr Fountain said Vauxhall aimed to supply 70 per cent of the cars it sold in the UK this year from British factories compared with 56 per cent in 1986.

But the effort was being held back by absenteeism which cost the output of 200 cars in the first six days of March and "several hundred" cars in the first two months of this year.

Absenteeism had been reduced from 12.5 per cent to 9 per cent but Vauxhall continued to strive to get it down to about 5 per cent.

Mr Fountain said Vauxhall also had asked employees to change a spring holiday to the autumn to help build up production for the peak August selling period but the workforce had voted against the change.

Leyland write-off costs, Page 4

THE LEX COLUMN

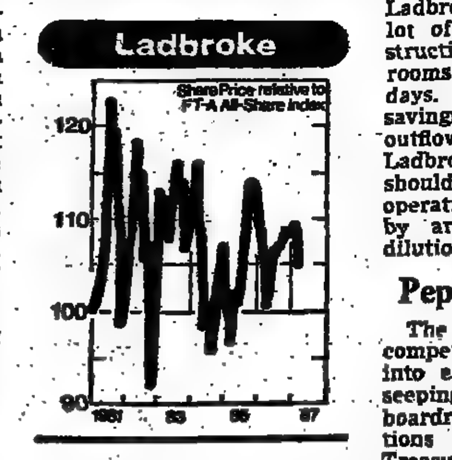
Feuding in the low countries

There is something absurd in having competing partial tender offers for Imperial Continental Gas Association from two companies, whose interests are in capturing different arms of a group which is about to perform the demerger of its own volition. Why could not Tractabel, Groupe Bruxelles Lambert and SHV sit around a table poised on the border between Belgium and Holland, and divide up the spoils? Perhaps because GBL was involved in the Barclay brothers' plans for IC Gas's Belgian assets, and so would not be trusted by SHV. As for the Barclay brothers, it is by no means clear that they have sold their 11 per cent stake in IC Gas. It is surprising to see that the Belgians have accumulated a 15 per cent stake in IC Gas without anybody noticing or being told. But as it is an association, normal Companies Act disclosure rules do not apply to IC Gas.

Shareholders now have a delicious dilemma. Should they go after a tender for 23 per cent of their stock at 700p or after one for only 15 per cent at 710p? Both offer a top-up to the level of any subsequent successful bid. The Belgians may be more likely to offer further action on the Calor front, once the demerger goes through, since they have no obvious attachment to that part of the package. Shareholders may even decide to vote all shares for both offers simultaneously and attempt to realise an average sale price, for 38 per cent of holdings, of 704p. What fun!

Index fell 0.6 to 1601.4

Ladbroke



Front running

The potential for conflicts of interest involved in the amalgation of market maker and stock analyst under the same roof are palpable. But the integrated securities houses prefer to regard the relationship as one of synergy. When Phillips and Drew's motor analyst (with a job offer from James Capel in his pocket) harangued his employers for demanding that market makers receive advance notice of analysts' recommendations, it was noticeable that none of the other houses claimed their policy was any different from that of P&D.

In fact draft SIB rules specifically permit front running, provided that the house is carrying out the manoeuvre only to bring its book into line with the anticipated client demand, and that in so doing the price of the shares being acquired does not significantly increase. Yet it is obvious that even if the market maker going long does not itself put the price up, the next buyer may well find the price has moved against him.

A blanket ban on front running would make life extraordinarily unpleasant for the integrated houses. But it is already clear that some practitioners will find it irresistibly tempting to interpret the SIB ruling with a certain flexibility.

Ladbroke

If you are going to have a rights issue, it is often a more persuasive argument to have spent the money already than to be thinking about some as-yet unspecified grand design. Ladbroke was able to make a pretty good case yesterday for raising £294m of equity, based largely on the sheer number of projects that have been eating up cash over the past year, dropping the group's interest-cover from over six times to a little under 4½. The market's comfortable response to a distinctly heavy and tightly-pitched issue was indeed due partly to the leaks which had already built in a discount of around 20p in the 24 hours before the issue came to be priced: the shares fell only 2p to 429p on the official news.

But it is also true that Ladbroke's uses for the money were fairly readily understood. The purchase of Home Charm implied that Ladbroke would provide cash to fund a high rate of expansion in the Texas chain — justified by its potential market share but beyond Home Charm's former means. Ladbroke is also ploughing a lot of capital into hotel construction, and London hotel rooms come expensive these days. Setting the interest savings against the £200m outflow planned for this year, Ladbroke's net interest bill should fall a fraction, while operating profits ought to rise by around 40 per cent, so dilution should not be a threat.

Peps

The faint but ugly sound of competing principles grinding into each other can be heard seeping out of several blue-chip boardrooms, the Investor Relations Society and even the Treasury. The root of the conflict is the cost of servicing Peps shareholders. A number of large companies have just realised that their commitment (at least theoretical) to the cause of wider share ownership may not be wholly compatible with the rather more fundamental instinct to restrain costs.

If the number of Peps investors turns out to be anywhere near the top end of expectations, several blue chips may find an extra 250,000 shareholders on the register. And as the Government insists the investors are all treated as full shareholders (in receipt of interim results, annual reports, invitations to AGMs and EGMs and of course shareholder discounts if applicable) they could end up costing some companies over £1m a year to service.

The Treasury nevertheless believes that any distinction in the treatment of Peps shareholders is a dangerous dilution of the principle of equity: and if one aim of Peps is to foster a wider understanding of company finance it is rather important that people are sent the full accounts. There is, however, a danger that this seemingly innocuous dispute could erode some of the recent improvements in the quality of company information. If companies are forced to print 500,000 annual reports instead of 100,000, they might well take a closer look at the cost of good design and disclosure. Perhaps an expanded Extel card plus a reply-paid application for the full accounts would suffice for the Peps.

Thatcher backing for C&W

By David Thomas and Ian Rodger

MRS THATCHER has intervened in the battle by Cable and Wireless, the UK telecommunications company, to enter the Japanese telecommunications market.

She has told Mr Yasuhiro Nakasone, Japanese Prime Minister, that she regards UK participation in Japan's second international telecommunications service as a test case of his country's willingness to open its markets.

Cable and Wireless is part of a consortium, called International Digital Communications Planning (IDC), bidding for the franchise for the service.

Japan's international telecommunications market is likely to be worth more than Y600bn (£2.5bn) by 1995, according to those involved in the bid.

Foreign participants in the bid believe the outcome is likely to be affected by polititcal lobbying because it is becoming entangled in wider questions concerning Japan's trading record.

Influential interests in Japan, including the Ministry of Posts and Telecommunications, want to dilute the role of foreign companies in the outcome, possibly by merging IDC with International Telecommunications Japan, the second, all-Japanese, consortium contesting the bid.

Mrs Thatcher, who is taking a close interest in the bid, wrote to Mr Nakasone this week arguing the case for foreign participation in the outcome.

In a written Commons answer yesterday, she said: "I believe that this is an opportunity for Japan to show that its market is becoming more open and to create an outstanding example of Anglo-Japanese industrial co-operation in high technology."

Members of IDC believe the Government is likely to follow up the relatively unusual degree of interest being shown by the Prime Minister in an individual contract by putting further pressure on the Japanese.

Background, Page 2

Clarke moves to heal rifts in Government over pay flexibility

BY PHILIP BASSETT, LABOUR EDITOR

MR KENNETH CLARKE, the Paymaster General, yesterday moved to mend divisions in the Government on the issue of greater pay flexibility, though he stressed again the need to move away from national pay bargaining.

The restatement by Mr Clarke, the Department of Employment's principal Commons minister, of the need for change in British pay bargaining, follows what appeared to be departmental splits on the question.

The Treasury this week publicly distanced itself from the thrust of Mr Clarke's previous exhortations for change on pay and made two pay offers to civil servants which seemed to contradict his ideas, and Ministers chose not to push the pay flexibility issue at the monthly meeting of the National Economic Development Council.

But Mr Clarke, speaking to industrialists in the Ribble Valley, Lancashire, returned to his theme and said there was "absolutely no doubt that outdated forms of wage bargaining will hold back economic progress."

Significantly, though, much of the stress of his speech was on linking pay to performance, rather than the more controversial question of changing national pay bargaining.

He rejected ideas of a divide between north and south over jobs and pay, and emphasised the differences between local labour markets. He argued that what they showed was "a contrast within regions, as much as between them," a contrast between areas which had been able to adapt quickly to new economic forces, and those which had not.

Mr Clarke said that his message was that unearned wage increases destroyed jobs. "This is definitely not the same as saying that people in the north, or anywhere else, should accept cuts in salary," he said.

He thought that as the UK moved away from national bargaining, northerners would pay themselves more than southerners if their industries were more successful.

The Treasury specifically distanced itself from Mr Clarke's ideas in describing a provisional agreement reached with the IPCS specialist civil servants' union when it said his suggestions were not totally realistic.

But Mr Clarke said the IPCS agreement "also has greater flexibility as its aim," and that it included relating pay to local conditions in different parts of the country.

He said that while he understood that ideal objectives could not be achieved in any one negotiation, "the deal with IPCS is certainly a step in the right direction" and a great improvement on the previous pay arrangements.

It showed the Government was "moving in a realistic and practical way towards promoting greater flexibility among its own employees."

Scottish health chiefs' pay, Page 6

Ladbroke launches rights issue

BY CLAY HARRIS

LADBROKE GROUP yesterday launched Britain's largest rights issue since last May, asking shareholders for £304m to fund the growth of its betting and racing, hotels, property and retailing operations.

The Ladbroke share price lost only 2p to 429p after the three-for-10 issue at 375p was announced. The rights issue had been widely rumoured on Thursday, with the price slipping back from 450p on Tuesday.

Mr Cyril Stein, chairman, emphasised that the £294m net proceeds would be used to develop Ladbroke's core businesses. "We have no current intention to make a major company acquisition," he said.

Ladbroke announced that pre-tax profits had advanced 35 per cent to £101.3m in 1986 on turnover 31 per cent higher at £1.77bn.

The company also disclosed that it had been approached to sell its 20 per cent stake in Central Independent Television, which holds the commercial franchise for the Midlands.

"The price that we have been offered is substantially more than the market price at this moment," Mr Stein said. "We haven't accepted." Ladbroke's holding in Central was worth more than £24m at yesterday's unchanged closing price of 488p.

The proceeds from the rights issue will strengthen Ladbroke's balance sheet which has been depleted by heavy capital expenditure. Net borrowing has risen by about £200m from the £350m level at the end of 1985.

Ladbroke plans to spend £200m this year after investment of £300m in 1986, Mr Stein said. The company needed to balance short-term earnings growth, such as that achieved through investment in the Texas Homecare do-it-yourself chain bought last year for £195m, with earnings from assets like hotels and property which took a longer time to show a return.

The group said it would continue to sell businesses outside its four core operations which had "reached maturity under its management." Disposals last year included Laskys, the consumer electronics retailer, and the company's bingo halls.

Ladbroke had no specific candidates for disposals and would choose its timing carefully, Mr Stein said. "We always sell at peak prices."

The rights issue is the largest since National Westminster Bank's record £714m cash call 10 months ago. Rowe and Pitman is stockbroker to the Ladbroke issue, which is underwritten by Charterhouse.

Results and feature, Page 10

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Palma Group	65½	+ 5½
ASDA-MFI	159	+ 7	Paterson Zochonis	338	+ 7
Allied Lyons	405	+ 19	Perry Group	226	+ 20
Bass	593	+ 25	Property Trust	5½	+ ½
Beecham	562	+ 19	Storehouse	309	+ 8
Blue Circle	718	+ 20	Tomkinsons	395	+ 18
Burgess Products	256	+ 23	Whitbread A	334	+ 6
Guinness Peat	105½	+ 8½	**FALLS**		
Harris Queensway	213	+ 8	BAT Inds.	523	− 13
Hodgson Hldgs.	200	+ 16	BP	803	− 8
Lee Cooper	436	+ 23	Cadbury Schweppes	247	− 5½
Lep Group	173	+ 14	DRG	413	− 12
London Park Hotels	761	+ 61	Jaguar	585	− 11
Monotype	181	+ 26	Lamont	231	− 9
Moorgate Group	180	+ 22	Mercury Intl.	363	− 10
Next	319	+ 11	Wellcome	486	− 6

WORLDWIDE WEATHER

UK today: Rain in north and west, cold but drier in east. Outlook: Cold but brighter.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
London	Sl	3	37	Oporto	C	17	63	Vienna	F	−5	23	Nicosia	F	12	54
Ajaccio	R	7	45	Oslo	S	−7	19	Warsaw	F	−10	14	Paris	S	4	39
Algiers	S	18	64	Corfu	S	6	43	Zurich	S	−3	27	Peking		—	—
Amsdm	F	2	36	Dallas†	F	8	46	L. Ang†	R	15	59	Perth	S	27	81
Athens	Sn	1	34	Dublin	R	7	45	Luxmbg.	S	0	32	Prague	F	−5	23
Bahrain	S	24	75	Dbrvnk.	S	1	34	Madeira	S	20	68	Rykjvk.	C	1	34
Barclna	C	10	50	Ednbgh.	R	4	39	Madrid	S	16	61	Rhodes	S	6	43
Belfast	Dr	7	45	Faro	S	20	68	Majorca	S	13	55	Rio J'o		—	—
Belgrd	S	−5	23	Florence	F	4	39	Malaga	S	19	66	Rome	S	6	43
Berlin	F	−4	25	Frankfr.	S	2	36	Malta	F	11	52	Salzbrg.	S	−5	23
Biarritz	S	18	64	Geneva	S	0	32	M'chstr	C	3	37	S'ciscot	C	11	52
Bmghm	C	2	36	Gibrltr.	C	16	61	Melbne.		—	—	Seoul	S	4	39
Blackpl	R	4	39	Gl'sg'w	R	5	41	Mx. C.		—	—	Singapr.	F	29	84
Bombay	S	30	86	G'rnsey	F	5	41	Miami†	R	19	66	S'tiago		—	—
Bordx	S	14	57	Helsinki	S	−10	14	Milan	F	3	37	Stckhm	F	−6	21
Boulgn		—	—	H. Kong	C	23	73	Montrl.†	F	−4	25	Strasbg.	S	1	34
Bristol	C	6	43	Innsbrk.	S	−1	30	Moscow	C	−1	30	Sydney	F	23	73
Brussels	S	3	37	Invrnss.	C	7	45	Munich	S	−4	25	Tangier		—	—
Budpst	S	−4	25	I.o.Man	R	6	43	Nairobi		—	—	Tel Aviv	F	15	59
Cairo	F	18	64	Istanbul	F	−4	25	Naples	S	4	39	Tenerife	S	25	77
Cardiff	R	5	41	Jersey	F	6	43	Nassau		—	—	Tokyo	S	18	64
Cape T.	S	22	72	Jo'burg	S	27	81	Nwcstl.	Sn	1	34	T'r'nto†	F	−2	28
Chick.†	F	−1	30	L. Plms	S	21	70	N Delhi	F	27	81	Tunis	C	12	54
Cologne	S	3	37	Lisbon	C	17	63	N York†	F	1	34	Valencia	F	15	59
Cpnhgn	S	−5	23	Locarno	S	3	37	Nice	R	5	41	Venice	S	1	34

C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

Continued from Page 1

Arms breakthrough

would have to cover short-range missiles with a range of up to 1,000 km in which the Soviet Union had a marked superiority.

Mr Vorontsov had some reassuring comments to make on this specific point, which is seen in the West as a possible obstacle to quick agreement on INF. The Soviet negotiator said he did not expect an accord to be held up by disagreements over shortage range missiles.

Mr Vorontsov told the Paris news conference that "all the elements point to optimism" and that only technical work on treaty language remained to be worked out. He said the Soviet side planned to take "an attacking position" in pressing for the widest possible verification of compliance with the treaty and that it would be a mistake to assume that it was only the West which was pressing for such measures.

However, both Mr Vorontsov and Mr Kampelman said the latest Geneva round, which went into recess yesterday, had brought little or no progress on limiting strategic offensive missiles and space weapons. Though Mr Kampelman said he was extremely interested in Mr Gorbachev's indication that he might accept an agreement on strategic weapons reductions without curbing the testing of SDI, he conceded that the Soviet leader's remarks needed clarification.

The Nato position, worked out in consultation with the US, is that an arms control package should consist of an INF agreement coupled with a 50 per cent cut over five years in US and Soviet strategic offensive weapons and a ban on chemical weapons. In all three cases, effective verification would be an essential element.

Under the US and Soviet proposals tabled in Geneva, both sides would remove and destroy all the medium-range missiles in Europe west of the Urals. These include some 270 triple-warhead Soviet SS20 missiles deployed since 1977 and some 316 single-warhead US Pershing-2 and cruise missiles deployed since 1983 in Britain, West Germany, Italy and Belgium.

Each side would be permitted to retain 100 INF warheads on the US mainland and in Soviet Asia, which Moscow has defined as starting at the 80th meridian, just each of the Urals.

Mr Vorontsov confirmed, however, that the exact siting of the remaining missiles still had to be negotiated. "They have found an interesting place where they want us to site our missiles: we will find an interesting place to site their missiles."

Continued from Page 1

Teachers

Jarvis and Mr Smithies had been honest enough to pose their question purely in terms of 'strike action' as opposed to 'strike or other action,' we can be sure that the proportion of teachers supporting the unions' call would have been much less."

Mr Baker also queried the ballots for having largely taken place before last Monday, when he announced the revised terms of the 16.4 per cent, 15-month pay deal to be imposed in two stages.

Mr Giles Radice, the shadow education secretary, last night called on Mr Baker to meet the unions to discuss re-establishing some form of collective bargaining machinery for teachers—the loss of which had seemed to be the main spur for the strike votes.

However, Mr Radice said: "I deeply regret any further disruption. I have warned the teachers that they have to take parental support with them and my assumption would be that parents have had really quite enough disruption."

Continued from Page 1

NYSE

which are not members of NYSE.

Mr Peter Dale, deputy chief executive of NatWest Investment Bank, said "prima facie, we have an absurd situation. It is somewhat akin to King Canute saying the tide is not going to come in today.

He did not think, however, that NatWest, which has securities operations in both the UK and the US, would be affected, as the two subsidiaries—County Securities Limited and County Securities Corporation — were separate legal entities.

DRG Plastics plans £5m plant in Wales

DRG PLASTICS is launching a £5m project to establish a manufacturing plant at Deeside Industrial Park, Clwyd. About 100 jobs will be created within three years.

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WEEKEND FT

Saturday March 7 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Roland John Wiley previews the Royal Ballet's latest production of a hardy perennial

New life for an old Swan

A ROSE will be revived on Thursday at London's Royal Opera House — Chaikovsky's *Swan Lake*. The occasion is a gala benefit for the Benesh Institute of Notation, and this production marks the debut of Anthony Dowell as artistic director of the Royal Ballet. Cynthia Harvey will dance the double role of Odette and Odile, and Jonathan Cope that of Prince Siegfried. The first public performance follows on Friday.

Swan Lake is one of the hardiest perennials at Covent Garden; this week's gala comes 110 years, a week and a day after the ballet was first shown to a paying audience in Moscow. And if longevity were not sufficient measure of its health, *Swan Lake* has been subjected to experiments from time to time which yielded bizarre and unappealing hybrids. Only robust flowers retain their beauty when defiled. Yet, this ability to sustain disfigurement with grace is not simply a matter of fundamental strength but has also to do with the status of *Swan Lake* as a classic—that is to say, a creation which transcends its generation and birthright in its artistic appeal and the relevance of its message.

In the case of *Swan Lake*, neither the message nor the classic status was clear 110 years ago. Judging from the number of times the ballet was performed, Muscovites then liked what they saw but were not sure what kind of flower the new work was. For six years, Swan Lake endured the trials of natural selection as artists and producers tampered with it, trying to give it a distinctive character. Then, the ballet was dropped, apparently forever.

In Russia, that turned out to be a dozen years. As if haunted by *Swan Lake's* echo, Marius Petipa, first ballet-master of the imperial theatres in St Petersburg, sent to Moscow for the score. Petipa and his assistant, second ballet-master Lev Ivanov, produced the work, which went on to flourish again in a version first performed in St Petersburg on January 15 1895 (Old Style). But the transplant into northern soil did more than flourish. From it grew the ballet's classic stature: this latest version is the measure of all subsequent revisions, experimental or traditional.

The story of the ballet is a fairy tale, and for that reason its message resides beneath a whimsical and unlikely narrative. Indeed, if *Swan Lake* were only about a mother's plan to marry off her son being foiled by an evil genie because the boy loves a girl who spends her days as a bird, the ballet would have little claim to our attention or sympathy. The producers of *Swan Lake* in Petersburg realised this and, before setting to work on the music and the dances, revised the scenario that had been used in Moscow, clarifying its imagery and deleting unnecessary detail.

The result is a clash of two worlds. One is a brassy, public world of responsibility and manners, where social proprieties force people to act in ways at odds with their feelings and judgment. The other is a quiet, private world of instinct and emotion, where purity of heart guides impulse untrammelled by too much civility. In *Swan Lake*, these worlds are presented to us in an enigmatic reversal of connotation much beloved of romantic artists. The difference between them visually is one of day and night. But the reality of day, like our artificial behaviour in it, is ultimately false and illusory while the extraordinary visions of night strike us as intimations of our true aspiration—glimpses at a higher, more profoundly genuine reality.

In the story alone, we sense a contemporary (or timeless) human resonance. One of the great virtues of the Petersburg version of *Swan Lake* was that the styles of the two choreographers involved with the production matched this dichotomy of worlds perfectly. While both men could respond in choreography to any narrative situation, as a stylist Petipa excelled at bravura dances calling for technical brilliance and finish, whereas Ivanov was at his best in dances with lyrical, gently contoured movement. The difference was as day to night.

A judicious revision of Chaikovsky's music complemented the differences in the story and the natural aptitudes of its choreographers. As matters turned out, the score of *Swan Lake* as Chaikovsky composed it revealed many of the problems of a first attempt—not deficiencies of talent but miscalculations by a non-specialist working without a choreographer's advice. *Swan Lake* was too long, too loud, and slightly misshapen. So, it was shortened and toned down and its numbers repositioned as necessary to reinforce the diurnal-nocturnal contrast with the greatest possible cogency.

When the question facing Anthony Dowell was whether to be a traditionalist, the answer was easy. A rose of classic beauty already existed—why not prefer it to a hybrid?—and the company of which Dowell is now master takes pride in its history of keeping faith with tradition.

That decision taken, perhaps the story should be over for lack of something more to tell. But putting philosophy into practice is never easy, and the artistic rightness of Dowell's choosing to revive the Petipa-Ivanov version of *Swan Lake* was a far cry from realising the production on stage.

Just as a ship tends to drift off course under the pressure of prevailing winds and currents, a ballet tends to depart from a given performance regimen under the pressure of artistic fashion and public taste. Changes in the ballet may or may not become a permanent part of the work, as they are subject to processes of discrimination similar to natural selection in a rose.

Dowell has made many journeys through *Swan Lake* as a dancer. Now, as director, his decision to replace the present traditional version of *Swan Lake* at Covent Garden with a new traditional version would at first seem paradoxical. If so, it is explained by the paradox within the meaning of the word "traditional," which in reference to ballet always connotes a work that is partly changed, partly the same. Dowell has chosen to reaffirm the narrative, music and choreography of the 1895 production. His efforts mark a periodic re-adjustment in the traditional version of *Swan Lake*, one which will make the Covent Garden production in these respects a purer variant of the classic model than what has been performed there in recent years.

Re-creating such an ephemeral art form as ballet is no trifling matter. Even with the availability of film and sophisticated systems of movement notation, reconstruction of a recent ballet is an intricate and specialised skill and one

One of Yolanda Sonnabend's designs for next week's new Royal Ballet production of Swan Lake. Inset: Pierina Legnani as Odette in the 1895 St Petersburg production

practised, as regards the repertoire of the Royal Ballet, by notators trained at the institute for which Thursday night's benefit performance is being given. For works created before such technologies were available, the task is highly problematical, if possible at all. When the reconstruction is of a classic like *Swan Lake*, what facts we have are obscured by the number of different extant versions spread like rumours throughout the ballet world by dancers who claim some oracular authority based on their connections with participants in the first production.

Fortunately, the steps and floor patterns of much of *Swan Lake* were recorded in St Petersburg, and the records still exist. (They are preserved in the theatre collection at Harvard University, the curator of which has made them available for consultation to the Royal Ballet.) These documents, used in Britain for 30 years by the former *regisseur* of the Petersburg ballet, Nikolai Sergeyev, do not eliminate divination but do exorcise false authority from the work of reconstruction.

We learn, for example, from the earliest notations — *Swan Lake* was compiled over some 15 years — that Odette first came on stage accompanied by a number of child swan maidens who went on to take part in the rest of the first lakeside scene. Because a large school was maintained in the imperial theatres, it was not unusual for children to participate in almost every ballet performance. For most companies now, however, providing child performers is expensive and problematical; even if available, they grow so fast that casting them for more than a few months at a time is impossible. Hence Odette has for decades entered alone and it is easy to think she always did. Thursday's performance might be the first since imperial times in which the swan brings her retinue.

Once the technical side is mastered, the problems of re-creating the dances of *Swan Lake* are largely practical and relate to the casual attitudes of the early Russian notators about their work. The assumption seems to have been that the records would serve not as a basis for reconstruction to the uninformed but as an *aide mémoire* to people who had learned the dances already. In theory, the system accounted for the movements of all parts of the body; but in practice only the legs and feet were regularly notated. In theory, the melody of a dance was to be written down with its movement notation, bar for bar; but in practice no music was included at all.

These deficiencies contribute to a third problem, more subtle and possibly more critical than the first two: recapturing the style and distinguishing the spirit of the text from the text itself. And what of the music that was played when the notators were busy with their pencils? It has never been published, nor does the conductor's score survive from the 1895 production.

The impossibility of reproducing the Petersburg *Swan Lake* in full detail gives pause to consider whether doing so would be a good idea even if we could. This surmise is not inconsistent with the contention pursued so far—that as much of the music and choreography as can be authenticated should be kept—but an acknowledgement of the simple likelihood that, when an audience which has evolved for a century looks at a theatre work which has not, it will probably perceive it as an artifact. *Hamlet* today is the text of *Hamlet*, not Ophelia acted by a boy in a draughty Globe Treatre.

In Chaikovsky's time, a ballet was identified by its scenario, music and choreography. Sets and costumes were added to this list with the advent of Sergei Diaghilev's *ballets russes* because the stage art of his repertoire was so dazzling and spectacular; because it interacted with other components of a ballet so effectively; and because the artists who designed it were often celebrities—people like Bakst and Picasso. Were *Petrushka* or *The Afternoon of a Faun* being revived instead of *Swan Lake*, there would probably be no thought of pre-empting the visual component of the original production (although one can imagine directors beginning to pre-empt it as the style of these once-daring works grows more dated).

When Petipa revived an old work, new sets and costumes were prepared as a matter of course. In the present circumstances, redesigning the ballet (by Yolanda Sonnabend) is therefore not an extraordinary liberty but a matter of invoking typical theatrical practice at the time *Swan Lake* was new. Then, as now, the purpose would be to give familiar dances a fresh setting.

For all its virtues, the Petipa-Ivanov version of *Swan Lake* was in some degree a victim of its own circumstances. While it might be difficult to find a ballerina today who matches the physical characteristics and ability of Pierina Legnani (the first Odette-Odile in Petersburg, thought by some of her contemporaries to be the finest dancer in the world), it is a simple matter to find a leading male dancer with legitimate claim to greater virtuosity than Pavel Gerdt, the first Prince Siegfried.

In his prime, Gerdt was a fine dancer who was schooled in elegance but shunned *tours de force*. A great popular favourite, he became enshrined in the Petersburg ballet to the extent that in his later years—he first danced Siegfried at 50—his stature hindered the advancement of young male dancers with pretensions to virtuosity equal to that of Italians like Legnani.

Dancing opposite Legnani in *Swan Lake*, Gerdt was already an anachronism in 1895. Given the expectations of present-day audiences for technical display from a male dancer, it would not only be a more glaring anachronism than before but also bad business and bad art if a producer imposed on his Siegfried limits comparable to what age and technique imposed on Gerdt. In addition, we have no idea what Gerdt's dances were; they were apparently never recorded.

For these reasons revivals of *Swan Lake*—beginning with Diaghilev's, in which Vatslav Nijinsky danced a variation to the Sugar Plum Fairy's music from *The Nutcracker*—have always departed from the traditional version in an attempt to give Siegfried something bravura to do. Anthony Dowell's revival will not be an exception.

Given all the complications of revival, what can be said about the new production in its totality? In matters relating to artistic impression, the jury is out until next week. In relation to the model after which it is fashioned, the narrative basis of the new production is true. The music and choreography are in very large part—one is tempted to estimate over 80 per cent—in accordance with what can be confirmed about the 1895 production in the present state of documentary knowledge. (The other 20 per cent has mostly to do with Siegfried's part, for reasons just cited.)

The fidelity of Dowell's production to the scenario, music and dances used in St Petersburg might possibly make it the most authentic production of *Swan Lake* anywhere. It is certainly truer to its model than the recent Bolshoy Theatre production (which makes no pretensions to historical revival); and on fine points might be argued as truer than the present production of the Kirov Theatre, where *Swan Lake* was first seen in 1895. Could that be an ironic commentary on who keeps the flame?

● *Roland John Wiley is a professor of music at the University of Michigan, Ann Arbor. He is the author of a study of Chaikovsky's Ballets and has acted as consultant for the Royal Ballet staging of The Nutcracker and the coming Swan Lake.*

The Long View

How to avoid conflicting interests

Recent scandals in the City, and bigger ones in Wall Street, will mean tougher rules in the future. But they should not frighten the prudent investor unduly, suggests Anthony Harris

THE FINANCIAL community has got itself a bad name at the moment, and on the whole it is well deserved. In London, until now, only one or two malefactors have been identified outside the Lloyds insurance community; but nobody believes we have heard the last word.

In Wall Street, where senior executives of some of the most respected investment houses have been led from their offices in handcuffs (and in tears), it is rapidly becoming a case of guilty until proved innocent. Almost any candid investment banker, it seems, ought to confess, as Oscar Wilde did: "I can resist anything except temptation."

While knowledgeable people have always expected that financial deregulation would lead to some trouble, the combination of greed and incompetence now coming to light really is a surprise. One senior investment banker in Wall Street— a man always ready with a press quotation deploring bad conduct in others—actually collected a hefty bribe in cash, and under the unbelieving gaze of the enforcement officers. This was a man whose salary was some $2m.

Stories like this make such good soap opera that it is easy to become a goggling spectator. An investor owes it to himself to do better than that, though; he must try to understand what is going on, and draw useful conclusions.

The first point to grasp is that misbehaviour by those who handle very large sums of money is nothing new. What is new is that they are being found out. Insider dealing, for example, was not even an offence until 1980 in this country; and the ban has never been of much effect. City editors would find it much harder to fill their columns if there were no odd price movements to speculate about.

However, it was not in the least likely until this year that the house through which you put your own dealings would itself be involved in this kind of skulduggery. The insiders were outside the market.

The scandals matter much more now because they confirm what many critics of deregulation had always feared—that the conflicts of interest which arise between the corporate finance division of a house, which tries to sell new shares at a high price; the market-making division, which wants to buy them cheap; and the broking arm, which is supposed to help clients to buy cheap, are indeed very difficult to resolve.

Insider dealing is only a special case of such a conflict. Information may leak through the Chinese wall of a single house—the rule which is supposed to ensure that the right hand does not know what the left hand is doing. It may simply pass improperly between two independent rogues, who thereby damage the interests of their employers and their corporate clients.

The small investor, however, is not usually a victim. He benefits because he is alerted by a sudden price surge to the fact that he might be about to hear something to his advantage. The big investor, such as a pension fund, is in much the same position, despite the Labour Party's crocodile tears on its behalf.

It is true, of course, that ruthless operators have been known to manipulate share prices in order to create an impression of good news to come, so that they can then unload their own holdings; or they may spread baseless rumours to get the same result. This kind of thing has been going on as long as stocks have been traded, and has nothing to do with deregulation; so the first rule for the new world carries over from the old.

It is blessedly simple: never buy or sell on the strength of unexplained price movements unless you fancy a gamble. If you must gamble, do it on the buying side: there are 100 insider dealers for every effective price manipulator or credible rumour-monger.

It is the other threats arising from conflicts of interest that pose trickier problems. Take, for example, the most basic of all problems: who should manage your investments?

In the old days, the small-to-medium investor who did not wish to take a very active interest would simply give his broker discretion. A reputable broker might show something a good way short of genius in his choice of stocks but his choice was usually pretty disinterested, even if it was not very clever. Now, with single capacity, he could be trying to sell his own book.

You can still seek out an agency broker, or an independent investment advisor, and so avoid all conflicts of interest, and as a result of the latest scandals a good many people are choosing these courses.

This has much to recommend it in principle; but in practice you might well be better off sticking to a trusted broker who has shown good judgment and understands your personal needs, even if he is now employed by some giant all-purpose conglomerate. Good habits as well as bad can die hard.

Even for the newcomer, the biggest of the new conglomerates may well be the safest of all choices. Investing through a single-capacity house is a bit like shopping; a clearing bank or a giant insurance company will certainly be striving to become a Marks and Spencer of the financial world, where the choice may not be the most exciting available but the quality can be taken for granted.

One-stop financial shopping is also labour-saving, but individual advice will not be readily available. The giants, then, may well be the ideal choice for the people least likely to choose them — busy people who want to make their own investment decisions.

The greatest care is needed where the greatest rewards may be available—the specialist houses which built up great reputations in another age. Some of them are now under great financial pressure since there is not enough business to go round in the new City, even in a bull market; you want an adviser who will worry about your problems, not his own.

For the small investor, that will be the most dangerous of all conflicts of interest once the bull market turns. If you follow the astrologer who figured here recently, beware the Ides of May.

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• MARKETS •

Good cheer reigns

WAS IT coincidence that the FT 100-Share broke the 2000 barrier in one of the busiest weeks for blue chip reporting?

In part, perhaps. But the market's rise this week—for all the headline-snatching levels—made more steady sense than some of the wilder swings of late.

"Footsie" itself added a gentle four points on Monday, 15 on Tuesday, another four on Wednesday, and then held its ground on Thursday. In the end, the combination of end-account profit-taking and a £295m Ladbroke cash call took their toll. By Friday night it had dropped back to close at 1998.2, with the All-Share 12 points up on the week at 995.2.

A trader, of course, did not need to look at the corporate news to feel cheerful. First, there was the oil price rise; Brent crude rose to $17.50 midweek, more than one dollar up on the levels of seven days earlier.

That was largely thanks to Japanese demand and hopes that Saudi Arabia will let production fall in an effort to maintain prices. By the weekend, however, analysts were not so sure—indiscipline within the cartel has ruled too often in the past, and any Opec price or quota fixing meetings are still way off.

Over on the money markets, activity was just as frenzied. Conviction that an interest rate cut is on its way—not least because of the possible election implications—has been growing apace. Last week, it was largely a question of whether the Bank of England could stave off the pressure until Budget day on March 17.

London

That, in turn, spelt hectic trading among gilts dealers with a £1bn issue of 9 per cent stock selling out on Wednesday, its first day's trading. By Thursday night, the average yield on high coupon longs had slipped to 9.35 per cent—compared with just under 10 per cent a week earlier.

Even so, there was the cornucopia of healthy company figures to underlie the bullish sentiment. Midland brought the banks' reporting season to a flourishing close on Wednesday when it disclosed pre-tax profits 24 per cent higher at £434m. That compared with a 19 per cent increase for the Big Four overall.

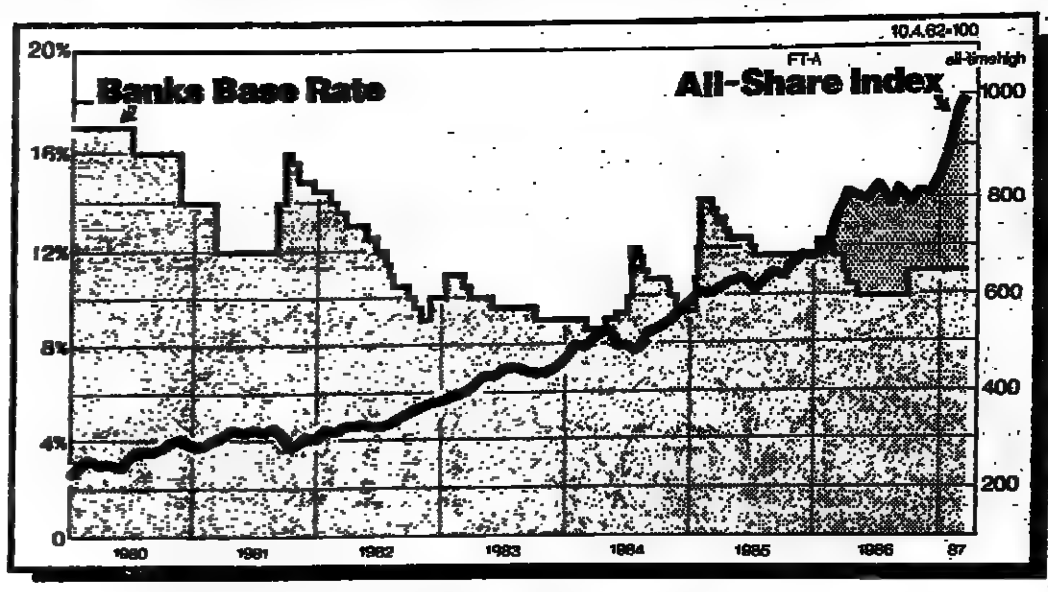
Now under the eye of Sir Kit McMahon, the former deputy governor of the Bank of England who became chief executive last year, Midland is gratefully shot of the Californian Crocker Bank which brought losses during 1984 and 1985. With those proceeds redeployed, analysts now expect profits of £520m-£550m in the present year. And on the dividend front, four years of intertia turned into a 5 per cent rise this time; a similar increase in 1987 would suggest a prospective yield of almost 7 per cent.

All fairly cheerful, apart from the capital ratios which are weaker than any of the other clearers. A rights issue — to some surprise — did not accompany the results, but most bank watchers suspect it cannot be far away. Until that is out of the way, share price progress could be capped.

For investors, the banks' reporting season has been better news than that from the insurance companies. Last week, it was the turn of the two big composites — Commercial Union and General Accident — to follow Royal, announcing a swing from a pre-tax deficit of £58.3m to a profit of £119m and an advance from £26.5m to £123.2m before tax respectively.

However, for all the obvious rebound, the market's eyes are firmly fixed on the next insurance cycle downswing. Rate rises on certain US lines — commercial multi-peril, for example — are beginning to tail away, although personal lines are still firming. That, argue the analysts, could favour the business breakdown of GA against the likes of Royal — assuming the Scottish company can staunch its major UK motor business with premium hikes.

No such problems for drug companies. News of the UK Government's approval for production of Retrovir, the anti-AIDS drug, added almost 70p to Wellcome at 493p on Wednesday, putting the shares at more than four times the 120p flotation price just over a year ago.



Besides Wellcome and Glaxo, Fisons — which reported a near-£13m improvement in pre-tax profits at £85.1m on Tuesday—now looks a trifle unglamorous. So, in spite of pitching in dead on analysts's forecasts, the shares shaded 16p to 626p.

Fisons' profits improvement was split between the pharmaceutical division — where Tilade, the new asthma drug, was launched to UK practitioners in January — and scientific equipment. Horticulture eased back, thanks to waterlogged peat moors. Most asthma-watchers reckon it is too early to assess the progress of Tilade—its profit contribution in 1987 will be modest — but if £106m is in sight for 1987, the shares are still on a PE of about 19, which is probably deserved but certainly no bargain.

Over on the bid front, the vogue for agreed takeovers is creating problems of its own —namely, leaks. Woolworth claimed most of the attention with shenanigans over the chemist chain, Underwoods. After Underwoods' shares shot to 39p higher at 237p a week ago, both sides confirmed the talks. Next, Woolies announced it was off, following disagreements over price. Finally, it decided to continue but with no likely outcome short-term. By Thursday, Underwoods was back at 236p.

There was similar disappointment for jewellery chain Ratners — rebuffed by Combined English — but probably commensurate relief at Norcros on Thursday's news that the highly acquisitive paper and packing group, Bunzl, has sold its 2.6 per cent stake — which in turn pushed up DRG.

Hepworth Ceramic's hopes of snatching Birmid Qualcast, the foundries-to-lawnmowers group, were also dealt a blow when it was obliged to place 3.5m shares, reducing its stake from almost 10 to 4.9 per cent of Birmid's equity. The forced sale followed a breach of the Takeover Code — an oversight but still not allowed.

Cadbury Schweppes, meanwhile, had its own view about misdealings — asking for a formal Stock Exchange inquiry into trading in its shares over the past four months. The Stock Exchange merely referred the matter to the Department of Trade and Industry. New tricks, it seems, die hard.

Nikki Tait

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1,601.4	+ 1.6	1,613.5	1,094.3	Strong sterling cools foreign demand
British Aerospace	665	+14	689	421	US and Japanese aircraft contracts
BP	803	+38	826	518	Rising crude prices
Burmah Oil	482	+23	499	260	Stake-building rumours
Burton	300	+24	354	242	Pre-Budget optimism
Cable and Wireless	345	−34	394	277	Adverse press comment
Combined English Stores	283	+30	299	149	Ratners merger invitation declined
DRG	413	+32	425	193	Takeover speculation resurfaces
Debron Investment	70	+21†	70	42	Dealings resumed after cash bid
Delyn Packaging	365	+90	375	80	Reorganisation of board
IC Gas	719	+66	719	273	700p per share tender offer from SHV
Jaguar	585	−43	632	335	Annual figures fail to inspire
Marina Development	123	+27	127	71	Bid approach
Marler Estates	£10½	− 0¼	£10¾	153½	Opposition to football ground develpmt
Mitchell Somers	175	+15	189	69	Bid from Eagle Trust
Palma Group	65½	+16	65½	32	Sharply higher annual profits
RMC	814	+32	824	442	Institutional buying
STC	260	+30	277	98	Excellent preliminary results
Tavener Rutledge	96	+24	96	40	Good annual results

† Change based on price at suspension.

BTR bounces back

BTR, the industrial conglomerate, might have suffered an embarrassing setback in January when it failed with its takeover bid for Pilkington Brothers, but it is exected to announce a strong set of preliminary results on Wednesday.

There should be good growth from its industrial products side—BTR's traditional area of expertise—but some of the most impressive figures are likely to come from more recently acquired consumer businesses.

BTR has done a good job turning round Dunlop, the ailing rubber products business it took over in 1985, and the effects of this should show through strongly in these figures. Analysts are expecting pre-tax profits of between £460m and £480m, against £362m in 1985.

The City is more than a little confused as to what to expect from NEXT when it produces figures for the five months to January on Thursday. The acquisition of Grattan last summer, plus the change of year-end to January (from August), has left the forecasters more dependent on the dart board than usual.

What we can expect to see however, is a more detailed breakdown between the expanded group's performance but just for the five months—no pro forma 12 month figures will be given.

Grattan is expected to produce some £14m pre-tax (which compares with £9.2m for the six months to January 1986) and "old" Next should better £16m pre-tax (against £13.6m for the six months to February 1986). Hence the expanded group should achieve close to £30m for the five-month period.

In trading terms, Next and Grattan appear to have come well through a difficult autumn season when mild weather wrong-footed many clothing retailers. Next for Men is performing strongly and the separation of the ladies wear chains (Next Too and Next Collection) has permitted better targetting of different markets.

The shop-in-shops lingerie and accessories units are also thought to have done well although Next Interiors may have had a mixed first five months.

ULTRAMAR's final quarter figures, due to be reported on Wednesday, are expected to show a third successive net loss, leading analysts to forecast a £12m deficit for the year—compared with net income of £71.6m in 1985.

Making the closing three months and the yearly outcome worse than earlier predictions is an expected £20m provision to cover the cost of the recently-settled liquid natural gas pricing dispute with Japanese customers.

Aside from this provision the final quarter should show an improvement over the previous three months' £1.5m net loss. However, LNG prices for the fourth quarter were down just over an eighth and Ultramar's US wholesale operation was running at a loss before it was sold recently.

The main interest in Ultramar for most of the last year has the prospect of a bid. Ron Brierley's group has a 13.1 per cent stake (average buy-in price 164p) and Rainbow, another New Zealand group, holds some 6 per cent (bought for about 130p a share).

And even though Ultramar appears to have returned to trading profits, analysts believe that it is asset value which matters most at the moment. Even a cut in the dividend (and the fact that what is likely to be paid out will be uncovered), might not dissuade predators who believe that the group as it stands is really worth more than twice what Ron Brierley paid for his shares.

GKN had record pre-tax profits last year following a trough since 1979, but analysts do not think the momentum will be kept up.

Pre-tax profits of about £128m for the year to December are expected to be announced on Wednesday compared with £132.7m in 1985. Earnings per share will drop slightly from 26.6p in 1985 to about 25p or 26p.

Two reasons are given for the fall. First, a drop in the price of GKN's car transmission mechanisms produced in the US thought necessary to bring them in line with European competitors. Second, the well publicised soggy patch in the world market for commercial and agricultural vehicles.

European markets — which accounted for 26 per cent of sales in 1985—are expected to bring good news helped by favourable D-Mark rates. But a decline in profits from America —not helped by the fall in the dollar—is expected to more than cancel out any gains.

BBA GROUP, the electronics and engineering company, was hit by the rapid decline in the automotive components market last year and forced to cut staff by 1,000 at its Leamington plant. In October brokers reduced estimates by a third to £22.5m and the share price fell to 118p.

Dr John White, managing director, faced criticism for not sounding a warning earlier: BBA's £69m rights issue in September had been 94 per cent taken up at the cash call price of 190p.

Analysts have followed suit in cutting their forecasts for Tuesday's 1986 figures by around a third, to between £22m and £24m. But they are more optimistic for 1987, expecting a figure closer to £36m. BBA should halt its losses at AP and produce strong performances from its US and West German operations, they say.

Results due next week

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Antler	Friday	—	—	—
Antofagasta Holdings	Monday†	5.0	22.5	1.7
Appleyard Group	Thursday	1.5	3.5	1.7
BBA Group	Tuesday	0.8	1.2	1.0
Beatson Clark	Monday	3.3	4.2	3.3
Bensons Crisps	Wednesday	—	—	—
Bluebird Toys	Tuesday	—	3.5	—
Bremner	Monday	0.5	—	1.0
British Vita	Monday	3.1	3.5	3.7
Broad St Group	Monday	—	—	—
BSR International	Monday	0.38	1.31	0.43
BTR	Wednesday	3.6	4.7	3.5
CSC Investment Trust	Thursday	3.6	5.7	3.6
Cement Roadstone	Wednesday	1.1	2.0	1.2
Collins William	Thursday	3.4	5.4	2.6
Edinburgh Fund Managers	Monday	2.0	4.0	2.5
European Home Products	Thursday	—	—	—
Federated Housing	Tuesday	1.1	2.2	1.3
GKN	Wednesday	4.5	7.5	5.0
Hewitt, J. and Son (Fenton)	Wednesday	0.4	2.3	1.0
Ladbroke Group	Thursday	5.0	6.2	5.5
Laidlaw Thomson	Monday	1.2	2.5	1.4
Lambert Howarth	Tuesday	1.5	4.2	2.0
Low and Bonar	Monday	—	3.2	1.7
New Darien Oil	Wednesday	—	0.3	0.6
Novo Industri AS	Wednesday	—	—	—
Owners Abroad Group	Tuesday	—	1.5	—
Pentos	Tuesday	0.2	3.5	0.2
Persimmon	Monday	1.7	3.5	2.1
Ransomes Sims and Jefferies	Monday	1.5	3.5	1.8
Rivlin	Wednesday	—	0.1	—
Robinson Bros (Ryders Green)	Tuesday	—	—	—
Robinson, Thomas	Tuesday	—	—	—
Sharpe and Fisher	Thursday	0.6	1.7	0.7
Shires Investments	Monday‡	15.7	3.0	3.0
Stat-Plus Group	Wednesday	1.0	2.0	2.0
T and S Stores	Monday	1.2	1.8	—
Tyne Tees TV	Thursday	3.0	10.1	3.7
Ultramar	Wednesday	4.0	8.5	2.0
Waterford Glass	Wednesday	1.0	1.4	1.2
Wessanen NV	Wednesday	—	—	—
Wickes	Tuesday	—	—	0.8
Woodhouse and Rixson	Tuesday	1.0	1.5	1.3
World of Leather	Thursday	—	—	—
INTERIM DIVIDENDS				
Attwoods	Monday	1.2	3.7	
Beiam Group	Wednesday	2.0	2.2	
British Car Auctions	Tuesday	1.5	3.0	
British Telecom	Thursday‡	4.5	3.3	
Bryant Holdings	Monday	1.2	2.5	
Cala	Wednesday	6.0	12.5	
Continental Microwave	Monday	0.9	1.4	
Lysander Petroleum	Thursday	—	—	
Mitchell Cotts	Thursday	1.5	—	
Mucklow, A and J	Wednesday	2.4	3.0	
Next	Thursday	1.3	3.7	
Parker Knoll	Monday	4.0	8.0	
Precious Metals Trust	Wednesday	—	0.5	
Prestwich Holdings	Tuesday	0.3	0.5	
Reliable Properties	Monday	1.2	3.2	
Shandwick	Monday	1.2	3.0	
Strong and Fisher	Monday	3.0	6.0	
Trafford Park Estates	Wednesday	4.0	8.0	
Wolseley Group	Tuesday	3.5	8.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Per share gross. ‡ Three-quarters figures.

More takeovers from USM

ONLY TWO weeks ago we mentioned the rare case of an Unlisted Securities Market company buying a main market stock. It seems to have started a craze. Randsworth Trust, which this time last year was languishing in the deepest obscurity, has made an agreed £57m offer for London and Provincial Shop Centres, a fully listed property company.

Randsworth came to the market in December 1981 as Jayplant, a Huntingdon-based plant hire contractor. Its history was fairly undistinguished until April last year, when David Holland, Andrew Nicholls and Douglas Lowe bought a 10 per cent stake and joined the board.

The new directors changed the company name and injected a series of their own property interests into the group. After the acquisition of a substantial development in the City, Randsworth began to attract serious attention from the property world.

Further share issues brought in institutional investors most notably John Govett, which swapped a 12.5 per cent stake in Apex Properties for an increased stake in Randsworth last month.

Randsworth does not rule out the possibility that it might use its stake as the basis for a full bid for Apex in future.

The bid for L & P, however, takes Randsworth into a much bigger league and would not be possible without the backing of an alternative cash and loan note offer underwritten by Chase Manhattan Bank. From a group worth around £750,000 last year, the new Randsworth will be capitalised at around £75m.

L and P will give the Randsworth management an asset base from which it can pursue its development ambitions. The bulk of L and P's current property portfolio is office accommodation in Slough.

Randsworth might be a future candidate for the USM awards, but this year's baubles went elsewhere at a dinner sponsored by Deloitte, Haskins and Sells and the USM magazine. Chosen as USM Entrepreneur of the Year was Howard Hodgson of the acquisitive undertaking group, Hodgson Holdings.

The best performing share of 1986 was Gilbert House Investments—a shell property company—and the best new issue award was given to Anglia Secure Homes, the sheltered housing group. Cannon Street Investments, the mini-conglomerate, was voted as the company with the most potential.

Awards are by their nature exclusive. Most companies join the market in a brief blaze of publicity and only return to the headlines when they succumb to an ambitious predator.

A good example is Trade Promotion Services, the exhibition organiser. It produced figures this week, just over two years since it joined the USM but also only days after it had agreed to be taken over by EMAP, the newspaper and magazine publishing group.

Although interim pre-tax losses were up to £108,000 from £96,000, TPS could claim to have been one of the USM's more successful entrants. The group is highly geared towards the second half when most trade fairs and exhibitions occur and its last full year figures showed pre-tax profits of £975,000, a 27 per cent increase on the previous year.

Profits growth had thus been more than respectable and shareholders could hardly complain about the share price performance. The shares were placed in September 1984 at 75p and have never looked back, reaching a high of 263p last month.

Junior Markets

But the British Jewellery and Giftware Federation held a 26 per cent stake in TPS and when EMAP approached the BJGF last September, it became apparent that the days of independence for TPS were numbered.

EMAP acquired the BJGF stake and eventually the two companies agreed on a £15.8m purchase price, nearly four times TPS's original market capitalisation.

Another company which has attracted predatory interest is the Marina Development Group which this week showed that even the most disastrous issues can eventually reward the dogged investor.

Marina came to the USM last August and met a distinctly unenthusiastic response—only 51 per cent of the shares on offer were taken up, the bulk accepted by institutions committed to the issue.

The shares were offered at 110p, but slumped immediately to 90p and only passed the flotation price this week because of a statement from the company that a full takeover offer was on the cards. Without the takeover possibility, shareholders might have had a long wait to recoup their original investment.

A takeover is one way of attracting attention; a less wholesome method is to produce disappointing results. Space Planning Services, a group specialising in interior office design, had a quiet debut last year.

Placed at 98p, its shares have been stuck ever since in a range between 85p and 108p although it met its pre-tax profits forecast of £435,000. But this year's first half saw a repeat of the problems which dogged the company in the early 80s; a few major clients cancelled contracts and Monday's interim announcement showed a halving in pre-tax profits to £105,000.

The second half is expected to show some pick up and SPS has widened ots client base with the acquisition of architects, Wells-Thorpe and Suppel. But the SPS figures leave the shares, on a prospective p/e of around 19, looking fairly vulnerable. Any slippage and SPS could quickly attract the attention of a predator.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	6.81	6.99	5.41	3.94	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.34	8.51	6.59	4.79	half yearly	1	2,500 minimum	0
Schroder Wagg	7.85	8.14	6.30	4.59	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.32	7.04	5.78	4.60	half yearly	4	—	0
10pc Treasury 1990	9.57	6.69	5.11	3.62	half yearly	4	—	0
10.25pc Exchequer 1995	9.42	6.53	4.94	3.44	half yearly	4	—	0
3pc Transport 1978-88	6.80	5.90	5.40	4.93	half yearly	4	—	0
2.5pc Exchequer 1990	6.87	6.07	5.64	5.23	half yearly	4	—	0
Index-linked 1990¶	6.93	6.34	6.01	5.71	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited [illegible] basic rate tax 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Ang Nordic Hldgs	31½*‡	27	23½	2.99	Smidth (F. L.)
Arncliffe Hldgs	75*§	99	98	3.75	Govett Strat In Ts
Avana Group	756§	711	480	263.99	RHM
Baker Perkins	327	344	355	130.41	APV
Barrow Hepburn	83‡	76	42	27.67	BTP
Barrow Hepburn	75§§	76	72	24.85	Yule Catto
Berisfords	176‡§§	173	137	9.64	Ferguson Indl
Burns-Anderson¶	115*	134	—	23.64	Dudley
Chmbrln Phipps	125	135	130	45.45	Wardle Storeys
Dataserv	183	185	200	60.13	Bell South Corp
Debron Invests	72*§	69½	49‡‡	17.05	Interface Ovrseas
D. J. Security Alarms	144	144	91‡‡	5.85	Britannia Security
Exco Intl¶	319§§	329	203‡‡	746.20	Brit & Comm
Europn Ferries¶	151	150	231	357.66	P & O
Feb Intl¶	184	174	108‡‡	3.19	Tarmac
Feb Intl 'A'¶	124½	118	78‡‡	6.35	Tarmac
Fothergill Hrvy¶	320	330	173	41.27	Courtaulds
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	135†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Highgate & Job	200*	258	200	1.94	Fraser (Robert)
Home Farm	197½	183	113‡‡	9.22	Sutherland (E. T.)
Hwrd & Wyndhm¶	18*§	18	20	3.28	Intermediate Secs
Imp Cont Gas	700*	710	653	993	SHV
Imp Cont Gas	710*§	710	710	1.01bn	Tractebel GBL
Jacksons Brn End	445*§	475	428	9.50	Bugge Eind A/S
Lond & Nthn Grp	81†	77½	71½	90.11	Demerger Two
Lond Park Hotels	781	760	700	39.17	Mount Charlotte
Mitchell Somers	181½	172	22½	29.26	Eagle Trust
Municipal Props	£34‡§§	£25	£24½	16.81	Merivale Moore
Natnwide Leisure	77½*	76	77	8.30	Inspec E. & E. Grp
Newbold & Burton	103	97	60	4.33	Black (P.)
Nottingham Brick	391§§	379	363	42.23	Marley
Sarasota Tech	168	164	107	39.65	Peek Hldgs
Tenby	290§§	279½	217	51.04	Emess Lighting
Thermax	182	195	175‡‡	21.18	Heywood Wms
Trade Prom Servs	267§	254	251	15.58	EMAP
Wetterm Bros	167§	162	173	1.98	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 6/3/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Plant	Dec	1,650	(1,480)	2.4	(1.7)	1.0	(—)
AMS Ind	Nov	2,260	(3,070)	4.9	(6.3)	1.5	(0.82)
Barker & Dobson	Dec	4,150	(7,500)L	7.2	(—)	1.0	(—)
Blagden	Dec	6,000	(3,500)	12.9	(8.0)	7.2	(7.2)
Comm Union	Dec	119,100	(58,800)L	38.7	(—)	13.0	(12.0)
Corah	Dec	2,290	(807)	4.6	(0.7)	4.0	(4.0)
Crowther J.	Dec	14,830	(6,900)	15.7	(10.4)	3.5	(2.0)
Dares Est	Dec	747	(12)	—	(—)	—	(—)
Fife Indmar	Dec	303	(318)	—	(—)	—	(—)
Fisons	Dec	85,100	(72,300)	27.5	(24.3)	6.5	(5.4)
Forward Trust	Dec	41,400	(40,500)	—	(—)	—	(—)
Gen Accident	Dec	123,200	(26,500)	60.5	(20.5)	28.0	(21.0)
Greenwich Cable	Aug	18	(916)L	—	(—)	—	(—)
Hawley Group	Dec	53,300	(33,000)	—	(—)	—	(—)
Heywood Wms	Dec	7,820	(5,530)	—	(—)	7.7	(6.7)
Hunter	Dec	1,510	(1,050)	22.0	(15.2)	3.0	(2.5)
Instem	Dec	816	(760)	11.8	(11.2)	2.5	(2.0)
Jaguar	Dec	120,800	(121,300)	—	(—)	9.5	(—)
Jebsens Drilling	Dec	57,900L	(25,000)L	—	(—)	—	(—)
Johnstones Paint	Nov	2,050	(1,540)	—	(—)	4.76	(4.75)
Kode Intl	Dec	3,130	(457)	23.7	(5.0)	13.0	(5.0)
Law Debenture	Dec	3,200	(3,000)	9.9	(8.1)	7.5	(6.3)
Lex Service	Dec	26,600	(23,600)	17.3	(17.6)	10.6	(10.6)
Lloyds Bank	Dec	700,000	(561,000)	87.0	(67.0)	18.0	(14.0)
Lloyds Bowmaker	Dec	65,700	(47,900)	—	(—)	—	(—)
Mercantile Credit	Dec	85,300	(56,900)	—	(—)	—	(—)
Microvitec	Dec	1,150	(1,150)	3.7	(2.7)	1.2	(1.2)
Midland Bank	Dec	434,000	(351,000)	—	(—)	27.0	(25.5)
Mount Charlotte	Dec	18,640	(16,060)	6.9	(6.3)	1.6	(1.4)
Natnwide Leisure	Oct	841	(762)	4.3	(3.9)	—	(2.5)
Newage Transmsn	Dec	1,530	(800)	—	(—)	1.0	(—)
Nichols J (Vimto)	Dec	5,920	(4,850)	20.6	(16.2)	7.0	(6.0)
Palma Group	Dec	1,750	(613)	6.2	(1.8)	2.5	(2.0)
Powerline Intl	Dec	1,640	(1,580)	—	(—)	—	(—)
Provident Fin	Dec	22,260	(23,720)	29.1	(28.3)	13.0	(10.8)
Radius	Nov	1,500	(991)	10.0	(7.3)	3.0	(—)
Sale Tilney	Nov	5,170	(3,900)	19.2	(16.7)	8.0	(6.5)
St Modwen	Nov	1,080	(210)	—	(—)	0.2	(—)
Sedgewick	Dec	135,500	(122,000)	21.9	(15.0)	8.0	(—)
Shell	Dec	5,700,000	(9,500,000)	—	(—)	43.0	(35.0)
SPP	Dec	2,830	(2,740)	10.6	(11.7)	5.2	(2.0)
STC	Dec	134,200	(11,400)L	15.9	(—)	4.5	(—)
Task Force	Nov	642	(342)	7.3	(3.7)	1.2	(—)
Tavener Rutledge	Dec	218	(28)L	—	(—)	1.0	(—)
Tech For Business	Dec	9,820	(8,430)	—	(—)	5.4	(4.6)
Tem Gal Hwsbrgr	Dec	28,000	(—)	—	(—)	—	(—)
TI Group	Dec	43,400	(30,600)	46.7	(29.6)	16.0	(13.0)
TKM	Dec	22,000	(4,400)	9.9	(2.8)	0.5	(—)
Tribble Harris Li	Nov	1,200	(464)	6.0	(3.0)	—	(—)
Unilever	Dec	1,140,000	(916,000)	177.5	(138.0)	50.2	(38.6)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Astra Ind	Oct	56	(130)	—	(—)
Britannia Sec	Dec	2,030	(867)	0.7	(0.6)
Casket S.	Dec	1,060	(772)	1.0	(0.8)
Consolidated Gold	Dec	39,700	(—)	9.5	(8.5)
Flextech	Nov	373	(1,450)	—	(—)
Frogmore Est	Dec	8,200	(5,120)	2.1	(1.9)
Galliford	Dec	2,000	(1,540)	1.2	(1.0)
Green, Ernest	Dec	767	(590)	1.5	(—)
Haggas, John	Dec	1,730	(1,470)	2.0	(—)
Highland Elec	Oct	575	(513)	1.0	(1.0)
Highpoint	Nov	401	(321)	1.7	(1.7)
Jarvis J. & Sons	Sept	226	(184)L	7.0	(—)
Lawtex	Dec	134	(241)	1.0	(1.0)
Macro 4	Dec	1,710	(530)	1.1	(—)
Medminster	Dec	383	(296)	2.7	(2.1)
Memcom Intl	Oct	742L	(1,230)L	—	(—)
New Cavendish	Dec	143	(58)	—	(—)
Microfilm Repro	Dec	1,230	(508)	1.0	(1.0)
Regentcrest	Oct	42L	(22)L	—	(—)
Sinclaire W.	Dec	552	(129)L	1.8	(1.4)
Space Planning	Dec	105	(215)	1.2	(—)
Star Computer	Dec	331	(30)	—	(—)
Synapse	Jan	337	(201)	—	(—)
Tottenham Htspr	Nov	1,180	(—)	—	(—)
Trade Promotions	Dec	103L	(96)L	1.3	(1.1)
Unigroup	Dec	356	(213)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

MARKETS

Indices hit records after GM buyback

HAVING SURVIVED some bad or indifferent news for a couple of weeks, the US equity market was just waiting for a chance to break away. It got the chance on Tuesday: but from an unexpected quarter.

Just after the market closer, General Motors announced it would buy back a fifth of its oustanding common stock over the next four years to increase returns to shareholders.

On Wednesday, GM common, which has not changed much since the 1960s, jumped $3½ to

Wall Street

$79½ and the entire market rallied, pushing all the main indices to records.

There are all sorts of reasons why the GM announcement might be good for the stock market. The market seemed to be saying on Wednesday that if the world's largest industrial company thought stocks were cheap and would commit $5bn to them, how was 'umble Wall Street to disagree.

GM has always been something of a bellwether in corporate America, and the market was bound to welcome such an example, if belated, of concern for shareholders' wealth. Some people were also hoping that GM might set off the sort of wave of equity retirements that helped buoy up the market last year.

Before the buyback announcement, GM common stock was so depressed that it was trading at a discount to book value. It is probably cheaper for GM to buy shares in its own car plants in the stock market than to spend money on building new ones.

In addition, falling interest rates have made GM's capital structure inefficient. Before the buy-back announcement, GM common was yielding 6.7 per cent on a $5 dividend while the three-month Treasury Bill was yielding 5.53 per cent. GM, while a dismal equity investment, is a very good loan asset and can probably fund the buy-back at little more than 1 percentage point above T-bill rates. Scott Merlis, of Morgan Stanley, points out that interest is charged to pre-tax income and dividends to after tax earnings so that, in effect GMi s borrowing at under 5 per cent to cancel shares costing 6.7 per cent to service.

GM should have bought back these shares some time ago. The market had second thoughts about GM on Thursday, clipping half its gain back to $78, but not about the generality of stocks. The main indices climbed to new records. This seems a bit perverse because the bond/stock yield relationship, favourable to purchasers of GM shares, is reversed on the industrial index.

Before the move was announced, the company's stock was so depressed that it was trading at a discount to book value

The Dow Jones Industrial Average yields 2.9 per cent. The Treasury long bond yields 7.4 per cent. At those rates, an investor could gain a 15 per cent total return if long interest rates drop just half a point, pushing the price of the bond up. To match that, an investor in the Dow would need a 12 per cent rise in the index, which would take it through 2,500.

For technical analysts such as Greg Seagle at Gruntal, this is exactly where the market is going, and "probably by early fall." He sees the rise of Wednesday and Thursday as a resumption of the upward trend which was temporarily dissipated on January 23, when the market moved over 100 points in unprecedented gyrations.

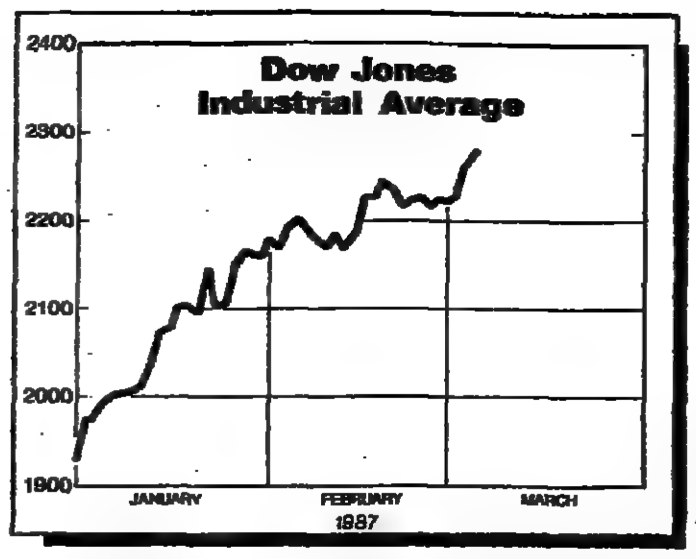
Even fundamentalists such as Jeffrey Applegate, investment strategist at E. F. Hutton, are untroubled by the yield differential. "If you had followed bond/stock yield spreads, you would have missed the entire bull cycle. Really they were telling you that bonds were a screaming buy, not that stocks were a screaming sell."

Applegate does believe that dividends will rise to close the gap with bonds, but not because stock prices will fall. Like many on Wall Street, he believes that corporate earnings and dividends will at last rise this year.

For the record, it is worth pointing out that the Dow last yielded under 3 per cent in January 1973, the peak of the last bull market. Applegate and others argue that things were different then, with interest rates and inflation rising sharply and clobbering the valuation. But it makes you think.

MONDAY	2280	(− 3.32)
TUESDAY	2226.52	(+ 6.05)
WEDNESDAY	2257.45	(+30.93)
THURSDAY	2276.43	(+18.98)

James Buchan



TSE's record surge

"IT'S NOT total insanity—it's just excessive enthusiasm," is how Michael Ryan, research director at Vancouver-based Pemberton Securities, politely describes investors' headlong stampede on the Toronto Stock Exchange.

The TSF 300 composite index has surged to new records on 22 separate days since January 1. It stormed through the 2,600 mark last Thursday, bringing its rise so far this year to more than 16 per cent.

Far from faltering, the rate of climb has accelerated. The TSE 300 has gained 4 per cent in the past week alone.

Experts have no shortage of explanations to offer for the raging bull market—even if they do sometimes seem to contradict one another. Patrick Mars, respected mining analyst at Alfred Bunting and Co, ascribes the popularity of gold shares to renewed fears of inflation. Brazil's debt problems and the enormous budget deficits overhanging the US and Canadian economies.

On the other hand, Michael Graham, director of Merrill Lynch Canada's investor support group, argues that the entire market is benefiting from "massive secular changes in recent years — the cheapening of the Dollar against other hard currencies, the subduing of inflation, the collapse of world oil prices." According to Graham, 'we are encouraged by 1987 prospects in an emerging investment-led, earnings-driven climate."

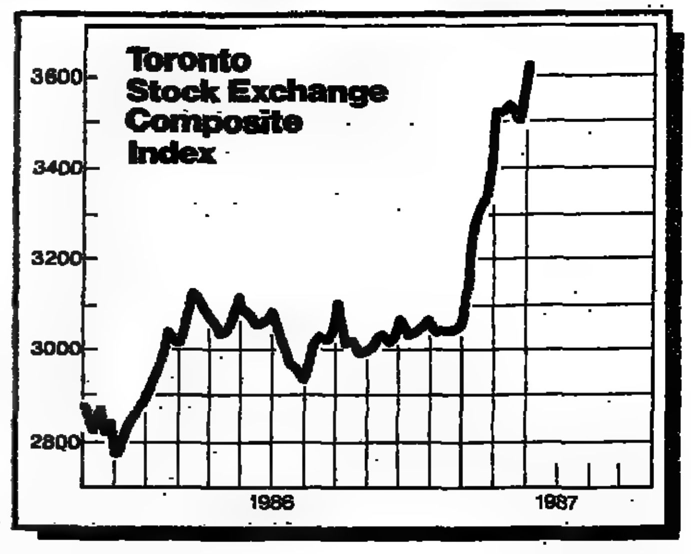
Foreign investors are drawn by Canada's political stability and steady currency. Pools of domestic capital are bottled up locally by rules which allow pension funds and other institutions to invest no more than 10 per cent of their assets in foreign markets.

With the Canadian economy stuck to the US's coat tails, the TSE normally follows trends on Wall Street. But the resource base of Canadian business makes the Toronto market much more volatile.

Gold, forestry and base metal stocks have thus been this year's star performers. They were joined last week by oil and gas shares responding to Opec's attempts to support crude oil prices.

Forest products is one of the few sectors where surging share prices are clearly justified by a rosy business outlook. Macmillan Bloedel, the big West Coast timber, pulp and paper producer, tripled its earnings last year and expects a further advance in 1987 as pulp and newsprint prices advance. Macblo's share price has jumped from C$40 to C$69 in the past two months.

By contrast, the popularity of gold shares seems to rest more on hope than reality. While the bullion price has barely moved in the past few months, the value of Canadian gold equities has soared by a third, taking them to levels last seen in the heady days of early 1980 when bullion climbed above US$800 an ounce.



The TSE gold index now trades at a multiple of 50 times earnings, compared to the relatively modest P/E ratio of 20 for the market as a whole.

The most sought-after gold shares are those with institutional appeal — well-managed companies which own several mines and whose shares are easily traded.

Echo Bay Mines and Placer Development (which are ranked 16th and 18th respectively by TSE market capitalisation) are among the favourites. Placer's share price has zoomed from C$30 to C$41 since the beginning of the year.

The stock market may be early proof that what's good for gold will be bad for the

Toronto

banks. Bank shares are among the few sectors where caution still prevails.

Canada's six big banks have lent C$7.1bn to Brazil plus hefty amounts to troubled domestic energy producers. The share price of Bank of Montreal, which has the biggest exposure to Brazil, sank from C$37.12 to C$33.62, after debt-servicing payments were suspended last month. It has only partially recovered.

But the consolation for the banks may be that having risen more modestly than the resource companies, their shares are less vulnerable to a sharp setback.

After spelling out all the reasons why gold stocks have spurted ahead, Patrick Mars at Alfred Bunting none the less concludes that prices "have gone over the top. I can't justify them at these levels."

Bernard Simon

Black gold weathers the storm

WHEN THE price of oil falls by half and becomes so volatile that blind uncertainty prevails, dismal results from any company that has anything to do with oil are to be expected.

So how did Shell, one of the biggest oil companies in the world, manage to come through the black year of 1986 apparently unhurt? On Thursday it announced profits for the year up by 8 per cent; £1.5bn added to its cash mountain, and with unexpected generosity declared a 31 per cent increase in its final dividend.

Shell, like all other major oil companies is a consumer of oil as well as a producer, so the damage that the fall in price does to production is offset partly by the benefit to its refineries and marketing businesses.

The effect is not a perfect balance, and oil companies would much prefer to see oil prices both high and stable. However, when crude oil prices are falling quickly, the majors find that they can keep some of the advantage to themselves for a while before passing it on to the final consumers.

That happened during the first half of 1986, and is the major reason for Shell's improved profits for the year as a whole. The "downstream" (refining and marketing) results for the second part of the year were nothing like as good, although a large advance on recent years, when the industry had continuously bleated that returns were far too low.

Deciphering the results is not easy. In addition to multiple breakdowns of profit into assorted categories, the figures are drawn up in two different ways.

The reported profit figure, which for 1986 showed a decline of 16 per cent, includes profits or losses on oil stocks. The "current cost" figure, which rose by 8 per cent, is regarded as more telling, as more telling, as stocks are valued at current prices, giving a more up to date picture of the company.

Shell shareholders were well pleased by Thursday's news,

Commodities

particularly with the huge increase in the dividend. The reason for this fat payout is the link between the sterling dividend paid by Shell Transport and Trading and the dividend paid in guilders by its sister company Royal Dutch, which usually means that the dividend in the weaker currency shows the larger increase.

Although this could tell against Shell T & T next year, shareholders did not seem to mind, especially as the company was making such encouraging noises about the future.

According to Peter Holmes, Shell Transport's urbane chairman, 1987 will be a better and altogether calmer year for the industry, with a strong chance that Opec will lsucceed in pegging oil prices at $18 a barrel.

The market seems to agree with Holmes. Since Monday the oil price has risen by nearly $1.50, and the whole oil sector has moved up by more than 5 per cent. A week ago investors were at best agnostic about Opec's ability to hold its present production agreement together; now the market is full of hope, and is taking more seriously the tough talking by Opec members.

The reaction of the stock market to the latest turnabout in oil prices is unusual. Prices of smaller oil companies involved only in oil exploration and production should be particularly sensitive to any shift in the oil price, leaving more sedate movements to the majors. However, over the past six weeks it has been the majors that have been both setting the trend and outpacing the smaller independent companies.

This is partly because the majors' results have clouded the issue. The oil market's creeping pessimism during February, when the oil price fell by about $2 and the sector lost more than 10 per cent relative to the market, coincided with some disappointing results from BP. Within a few weeks, both shares came thumping down by over £1, underperforming the market by about 20 per cent.

Unlike Shell, BP made almost no money from refining and selling oil products during the last quarter. This rattled some into thinking that the happy times downstream for the industry were over, and a return to the unprofitable and competitive conditions of the early 1980s was on the way.

However nobody now takes this view too seriously. As Holmes pointed out this week the whole industry has contracted so sharply over the last few years that almost whatever the crude price does, downstream profits are likely to be entering better times.

The fall in the majors' share prices went too far. Despite BP's slightly stingy increase in its dividend, at the bottom investors suddenly noticed that it was yielding twice as much as the market and a rally started. This coincided with a rise in the oil price, and more than respectable results from Shell. It has been a most profitable week for oil investors.

Lucy Kellaway

• FINANCE & THE FAMILY •

The Sids who bought gas should branch out, advises **Nikki Tait**

Converts of another persuasion

DO YOU fancy the stock market but worry that moving savings from a building society would mean a loss of income and security?

The problem is common, and helps explain why — when privatisation has boosted the number of share owners to over eight million — only one million investors have stakes in more than three companies.

It is surprising, then, that no one tells the more committed Sids about convertibles. These stocks pay a fixed rate of interest for a given period, after which they are redeemed at par (usually £100). However, before that date, investors are given the option to switch into a pre-set number of ordinary shares. Alternatively, they can at any stage sell their stock in the market.

Because of the fixed income element, the price of convertibles is usually less volatile than that of the ordinary shares. That gives some protection if the company's profits picture suddenly clouds (though, conversely, less exposure to unexpected good news).

For small investors, it may all sound rather esoteric. Yet in the context of the stockmarket generally, convertibles now constitute a £6bn segment, which is roughly the capitalisation of the Unlisted Securities Market. There are some 380 stocks to choose from — about one-sixth of the number of main market shares.

Best of all, a recent wave of new convertibles has come from companies everyone knows, largely because the bulk of these issues have been bid-related. Hanson Trust gave the market a giant boost when it issued £1.2bn-worth of convertible stock in conjunction with its bid for Imperial Group almost a year ago. Before that, the largest single stock was a previous £180m Hanson offering.

Other smaller, bid-inspired issues have emerged from Guinness, Burton, Storehouse, Williams Holdings, and most recently, Ward White. Had the Lloyds Bank bid for Standard Chartered gone through last summer, the first bank convertible would have hit the market.

So how does the private investor tackle convertibles? First, realise that they come in different shapes and forms. The basic choice is between loan stocks (which are redeemed at a set date) and preference stocks (which, unless they specifically say they are redeemable, simply convert).

In practice, this makes little difference to marketability or popularity but the coupon on loan stocks is quoted gross and on convertible preference, net —a source of endless confusion for the unwary.

The key to picking the "right" convertible is to concentrate on the underlying shares. "Never buy a convertible in a company you don't like," warns one pro.

For small investors, that usually means deciding on a company first and then checking whether a convertible is available if the yield appears dispiritingly low. Alternatively, you can run down a list of convertibles, and then check out the underlying company's credentials.

The relatively higher cost of a convertible is tagged "the premium" and normally expressed in percentage terms as the difference between the conversion price and the current underlying share price divided by that share price.

That sounds more complicated than it is. Take the Ward White 6 per cent convertible redeemable preference shares, for example. Conversion can take place between 1989 and 2005 on the basis of 34.25 ordinary shares for every 100 convertible pref. So with the convertible pref trading 123p, the effective conversion price is 359.1p. That compares with an actual price for Ward White of 328p, and the premium is 31p or 9.5 per cent.

An investor interested in the company would note that the gross yield on the two securities differs markedly—6.9 per cent against 3.2 per cent. What he must decide, assuming he thinks Ward White a good buy, is whether he is going to get at least 31p of additional income if he holds the convertible. In this particular case, analysts at BEW calculate that dividends on the ordinary would have to grow at 17¼ per cent a year before they beat the convertible premium. That is a fairly steep —though not impossible—rate of increase—so for the income-concious investor, the convertible looks a reasonable buy.

A more general rule for income-minded investors is to pick convertibles in companies they fancy where the premium is low. But note the time element: the premium tends to narrow as the conversion date looms and the income advantage of the convertible diminishes.

Having bought, held and enjoyed the extra income, when should you convert? In theory, when the income from the convertible ceases to exceed income from whatever number of ordinary you could convert into — there is then no advantage in the former and you might as well take your chances on the shares themselves.

The dates are worth watching: once the ideal conversion period has passed and institutional investors have piled out, the market in the remaining outstanding convertibles may become thin.

Indeed, convertibles often then drift to a discount — which newcomers sometimes mistake as a cheap way into ordinary. It is true that genuine market aberrations do occur but, with around one-quarter of the total convertibles on offer standing at a discount, income considerations are often the explanation.

The big drawback for small investors is that information about convertibles is not exactly plentiful. Prices of the larger issues are printed in some papers and details of the stock given on Extel cards. The Stock Exchange Investment List, published by Mathieson and Sons (tel: 01-403 5742), provides a full list of securities with their associated convertible stock.

But for conversion advice and estimates of potential dividend increase on the underlying equity, brokers research is extremely valuable. Many of the larger City firms now offer this service and any decent broker should be able to tap into advice, although private clients may need a hefty portfolio before getting access to the research material themselves. The last Extel survey of analysts gave top billing to the teams at James Capel, Phillips & Drew and BZW, with Hoare Govett coming in fourth.

Unlike some of the more curious corners of the stockmarket, however, dealings costs on convertibles are not punitive. Most brokers trade these stocks at normal equity, not fixed interest, commission rates. Spreads on the larger issues are little different from those on equivalent shares.

So what stocks are tops at present? With the caveat that the individual takes his own view on underlying equities, everyone likes the giant Hanson 10 per cent convertible loan stock, which yields 7.4 per cent compared with 2.7 per cent on the ordinary and is on a premium of 4.7 per cent. Another issue frequently mooted is British and Commonwealth's 7¾ per cent convertible loan stock, where the yield is 6.2 per cent and the conversion premium 10.5 per cent.

Among the higher-yielders, Phillips & Drew suggest Hawley's convertible redeemable pref—which carries a 9 per cent yield and conversion premium of 13.7 per cent. The broker also likes the look of International Leisure's 7¾ per cent convertible pref (conversion premium, 7.7 per cent and yield, 9.4 per cent) and, in the property sector, London and Edinburgh Trust's 6 per cent convertible pref (issued last November and currently on a hefty 21.6 per cent premium but with a yield of 7.9 per cent against 1.4 per cent on the ordinary).

James Capel point to the Ratners 5.85 per cent convertible pref (0.4 per cent premium and 4.3 per cent yield); First National Finance's 6.3 per cent convertible pref (1.6 per cent premium and 6.57 per cent yield); Saatchi & Saatchi's 6.3 per cent convertible pref (5.9 per cent premium and 6.67 per cent yield); and Woolworth's 8.5 per cent convertible loan stock which yields 4.94 per cent and stands on a 1.8 per cent discount.

Finally with market storming to new highs, analysts make the point that convertibles have particular attractions. "Prices of convertibles tend to lag," says James Capel, "and many stocks look cheap right now—some are very attractive." Sid should take note.

Read that small print

THE GOLDEN rule of any share issue is to read the prospectus, and nowhere was this better illustrated than in this week's story of Saint Hotels.

Dr David Wishart, a shareholder in Saint Hotels, became unhappy when he read the details of a rights issue from the company, in which he had invested last year via a Johnson Fry-sponsored Business Expansion Scheme issue.

What mainly displeased the doctor was the formula being used to determine how the money raised would count towards the calculation of management incentives.

Essentially, management incentives depended on the increase in the value of the company between the issue date and the end of the five-year BES period. When the issue was made, it was stated that the company would need to grow by 10 per cent compound a year to trigger the incentives.

However, the formula proposed by Johnson Fry allowed only a proportion of the rights issue money to be added-in to the original base value of the company. The present value of the company, including all the rights money, would thus have been immediately greater than the 1986 value.

In other words, merely by making a rights issue, the management would have moved substantially closer to the target growth rates required for the incentives to operate.

The doctor's view was borne out by analyst Steven Rowe of BES Investment Research. To its credit, Johnson Fry has now admitted that the formula did not achieve its purpose — ensuring that all money injected must achieve a 10 per cent return — and has agreed to adjust it as soon as possible. Wishart's concern has been vindicated.

The Budget is less than two weeks away and sponsors are firing their final salvoes at the elusive Business Expansion Scheme investor.

Johnson Fry features again in the launch of Fast Forward Inns, a pub/restaurant group. One inn is already trading near Stafford and another is about to open.

Fast Forward was launched via an investment from a Johnson Fry managed fund and equity has also been put in by 3i and Whitbread. The company hopes to raise a maximum of £2m via the issue of 2m shares at £1 each. The usual Johnson Fry "golden share" provisions apply.

Meanwhile, Edinburgh Tankers, one of the biggest ever BES schemes, which Johnson Fry launched in January, has failed to meet its minimum £4.5m subscription. Because of the underwriting arrangements, the scheme will still go ahead.

Ronald A. Lee, an antique dealer based in Mayfair, is a spin-off from an earlier company called Fine Arts. It boasts as chairman Sir John Christopher Foggo Montgomery Cuninghame, Bart, a former director of Morgan Grenfell.

Last year, Ronald A. Lee made a pre-tax profit of over £63,000 on sales of £218,000 and the company now wants more funds to increase its stock of antiques. Exactly 525,000 shares are on offer from Edinburgh-based sponsors Noble at £1 each.

Trinity Estates is a secured contractor, wtih interests in property development. To differentiate it from the many other contractors on offer, it points to its "locate, design and develop" service and the management experience of Keith Price, formerly of Tarmac Properties. The company is closely linked to the construction group, John E. Wiltshier.

Sponsor Chancery Securities is taking an option of 5 per cent of the £5m equity being raised at the issue price of £1.

Roman Homes is an existing company which has already raised just under £1m via the BES in 1985. This time, it hopes to raise a maximum of £720,000 via an issue of ordinary and convertible preference shares to fund its expansion in the retirement housing sector.

Roman is making a profits forecast (not a projection) of £250,000 pre-tax in the current financial year and hopes to join the Third Market by September.

Philip Coggan

Halifax makes an offer

THE HALIFAX Building Society has made what it describes as a "modest" entry into the consumer credit market with the introduction through selected branches of Xtraloan multi-purpose personal loans.

At first, they will made available only to existing borrowers with good mortgage repayment records. Unsecured loans of between £500 and £5,000 will be offered at a fixed monthly interest rate of 1.5 per cent, equivalent to an annual percentage rate (APR) of 19.5.

You will be able to repay over one to five years and free life cover will be included. There are no arrangement fees.

Secured loans of £3,000-£15,000, with a second charge taken on the borrower's property, can be repaid over three to 25 years. The variable monthly interest rate now is 1.3 per cent (16.7 APR). Once again, there is free life cover and there are no additional costs. The society will pay all legal and valuation charges involved.

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THE CHELTENHAM and Gloucester Building Society has increased to 9.05 per cent annually the interest rate offered to investors with more than £20,000 in a Gold Account. A similar rate will be paid to those who prefer their interest monthly. Withdrawals can be made without notice or loss of interest.

Large investors with £20,000 or more will also get higher rates in the society's Security and Growth Plan, under which interest earned monthly is automatically used to buy units in a UK Growth trust managed by Gartmore.

Among the smaller societies, the Newbury is paying 9.5 per cent for balances of more than £25,000 in its three-month-notice Treasure Plus Account. On balances of more than £2,500, a monthly income facility is available at 9 per cent annual interest.

The Sheffield Building Society is also paying 9.5 per cent annually on its new Premium Account, which needs a minimum balance of £5,000. You can withdraw without loss of interest if the balance remains over £10,000. Otherwise, you must give 90 days' notice.

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IF YOU are self-employed, the man from the Pru is looking for you. The Pru is launching a £375,000 advertising campaign offering a free guide entitled *Money and the Self-Employed*.

The group recently announced a new business insurance package aimed at the booming self-employed market, which is said to be increasing fast from its present 2.7m people.

THE SHAPE of things to come? Skipton Building Society has decided to make use of the new freedom under the Building Societies Act to become a financial intermediary. It has written to all its investors with larger balances suggesting they might consider switching a proportion of their savings into the Scottish Widows Capital Invesiment Bond.

A special feature of the Skipton Capital Growth Plan, as it is called, is that you receive up to 1 per cent extra in units if you invest over £6,000. This represents part of the commisison being earned by the Society from Scottish Widows for promoting its bond.

Terry Adams, Skipton's chief executive, claimed they were the first Society to offer a real alternative investment plan, even though it might result in a withdrawal of some funds from the society. He said that with retail receipts well in excess of their market share, the Society had plenty of scope to obtain funds from the wholesale market to offset any outflow of money into the bond.

Skipton also claimed to be the first society to announce plans for accepting share applications for the forthcoming privatisation issue of British Airways.

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LEAMINGTON Spa Building Society is following a similar route. It is linking with Commercial Union in offering what it calls a Double Top Account You are guaranteed a net interest rate of 12 per cent for six months on half the investment made. The other half is put into the CU Prime Investment Bond, with an additional 1.5 per cent allocation of units if you invest before March 8. Minimum investment is £10,000

●

BRISTOL & West Building Society is using the new powers available to move into estate agency and establish a share-dealing facility through Laing and Cruickshank. Meanwhile it has lifted the minimum interest paid on its special three month account to 9.25 per cent for all investors with the minimum balance of £5,000. Previously the interest rate structure was "tiered" according to the size of the balance from 8.80 to 9.25 per cent.

●

ANGLIA Building Society is also offering a rate of 9.25 per cent on a new two-year high income bond. If you want to draw income monthly then the rate goes down to 9 per cent. Minimum investment is £1,000 and you have to give 90 days notice for withdrawals to avoid loss of interest.

Christine Stopp looks at the advantages offered to investors by umbrella funds

One way to beat exchange controls

THE FINANCIAL services industry is rapidly becoming more European. A number of recent additions to the range of "umbrella funds" incorporated in Luxembourg describe themselves unashamably as SICAVS (société d'investissement à capital variable). This simply means that they are unit trusts structured like companies, so you buy shares rather than units.

With an umbrella fund, as opposed to an ordinary offshore fund, there are numerous classes of share, and the underlying funds are invested in different equity markets, as well as a variety of currencies.

There has been a small rash of new umbrella funds in recent months, most of them based in Luxembourg, as the table shows. The reasoning behind them is undoubtedly pre-election fears: getting one's money overseas in the event of a sterling crisis should Labour win, and choosing a base which is outside the scheduled territories, and therefore likely to escape a reimposition of exchange controls.

Apart from political paranoia, there are sound reasons for looking at umbrella funds. If you hold a UK unit trust with a number of sub-funds, you will be liable to capital gains tax when you make a switch. This is not the case with an umbrella fund, where switches can be made without incurring a chargeable gain, and often without fund charges either.

Some umbrella funds offer a wide range of currency sub-funds, giving a choice of cash or near-cash refuges for your money — something else which is not yet possible with a unit trust.

As for reputation and performance, the funds shown in our table are typical, coming from well-established groups, with highly visible unit trust performance records.

For tax purposes it is important to know whether a fund has distributor status or not. Distributor funds must distribute the bulk of their income as dividends. They are also required not to trade too actively, but there are no fixed guidelines on what that means.

With a distributor fund there is a distinction between capital and income for tax purposes. Income is taxed as income and gains as capital gains, just like a unit trust. If a fund loses its distributor status by infringing the vague guidelines, income and capital gains are rolled in together and the whole lot is taxed as income—rather like an investment bond.

The UK investor should therefore ensure the shares are in a fund where the managers intend to apply for distributor status. For an expatriate investor who pays no tax in the UK, the distinction is irrelevant. If there is a worry about offshore funds, it is about distributor status, particularly with umbrella funds, since one sub-fund without it would queer the pitch for all the rest.

Of the funds in our table, Hill Samuel's is the odd one out. It is a Jersey-based non-distributor aimed mainly at expatriates and UK investors who expect to retire abroad, and can therefore take their profits once they are no longer subject to UK tax.

Mercury's trust, MOST, was set up late last year to provide an alternative for investors in Mercury's wider ranging dollar denominated umbrella, Selected Trust. This became necessary since the group did not intend to apply for distributor status on the Selected Trust for 1987. MOST does not include a range of currency and bond portfolios, because of the potential risk to distributor status.

Other groups would regard this as a particularly conservative attitude, though Oppenheimer has no currency or bond options, and the only would-be distributor trust in our table with a full range of bond funds is Wardley.

Henderson also has another umbrella trust aimed more at the expatriate market. Its Global Strategy fund, like Mercury's, is sterling denominated making performance easier to follow. The minimum investment is low for an umbrella fund at £1,000.

Groups are looking enviously at the $400m-plus in Gartmore Capital Strategy, the first of the umbrellas. It is setting up in Luxembourg because its resident funds should be freely marketable in the UK once harmonisation of financial services across Europe is complete.

Investors will therefore have more and more umbrellas to choose from, easily available in the UK, and free of CGT on switching—all of which should make life interesting for the home-grown unit trust industry.

UMBRELLA FUNDS

	Sub-funds offered: Equity	Currency	Fixed nt.	Min. Inv:	Dist./ Non-dist.	Charges	Switches
Wardley Global Selection (Luxbg)	Australasia, Canada, Europe, Hongkong, Japan, Sing. & Mal., UK, USA	£ Money Mkt., US$ Mone Mkt.	DM Bond, ECU Bond, Yen Bond, £ Bond, SWFr Bond, US$ Bond	$ 10000	Dist.	5% initial, 1% annual (Equity & Bond), 0.375% (Money Market)	1st 6 in 1 yr free. Then reserve right to charge 1% on value switched
Oppenheimer Managed Assets (Luxbg)	Eur. Managed, Global inc, Int'l. Managed, Pacific Managed, Worldwide Recovery	—	—	$ 5,000	Dist.	5% initial, 1% annual	1% of net asset value of shares into which switch being made
Henderson Global Strategy (Luxbg)	Managed Int'l., Nth America, Europe, UK Growth, Japan, Pacific	£, US$, Yen, SwFr, DM	—	£ 1,000	Dist.	5% initial (currencies—no charge), 1% annual	£25 admin, charge. Switches made bidto-bid
Hill Samuel Int'l. Selection (Jersey)	Europe, FE, Nth America, UK, Int'l. Equity, Int'l. Managed, Int'l. Tech.	£, US$, DM, SwFr, Yen, Managed	Int'l. Bond, £ Bond	$ 1,000	Non. Dist.	5% initial (currencies—no charge), 1% annual	No cahrge
Mercury Offshore Sterling Trust (Luxbg)	Global, Overseas, UK, Nth America, Japan, Europe, Pacific	Cash	—	£ 1,000	Dist.	5% initial, 1% annual, Cash—0.125% annual	1% between equity funds. Switches into cash fund are free

• FINANCE & THE FAMILY •

Bank services may be overpriced, says **David Lascelles**

Shop around for money

THE BIG Four clearing banks, Barclays, Lloyds, Midland and NatWest, have just reported their results for 1986. They show a total increase in profits of 19 per cent to just of £3bn, a record.

The sheer size of that sum is eye-catching enough. But the results contain a special message for the millions who use the clearers' services: take a closer look at what the banks charge you for their loans and services, they may be over-priced.

Not that banks are earning too much; in terms of their return on capital they do worse than most manufacturing companies. But times are extremely good for bank managers at the moment, and one reason is that bank customers are not pressing them hard enough.

The great bulk of the clearers' profits last year came from their domestic banking business, particularly from lending to individuals who still think of a loan as something that is "obtained" rather than bought.

People tend not to examine the price of a loan too closely, let alone compare its price with other sources of finance. This enables banks to charge rates of interest which bears little relation to inflation, their own cost of funds or any of the other usual yardsticks.

For instance, the cost of funds to the clearers last year was about 10 per cent on average. Yet the cheapest overdraft funds were in the mid-teens, with other types of loan rising well above 20 per cent. Some credit card and finance house loans cost closer to 30 per cent.

The clearers' results all showed that the return which they earn on their UK lending is about twice as high as it is on their international lending, where they are exposed to the full force of world banking competition.

Even allowing for the banks costs of running the business and setting a bit aside to cover bad debts, these margins hardly support the clearers' claims that competition in the high street finance business is reaching new peaks of intensity.

Privately, some bankers will be honest enough to admit this. Although the building societies are muscling their way into the personal loan market, the challenge from that quarter is still small. Some department stores, like Marks and Spencer, have also begun to offer finance, but again not at a price that undercuts the banks.

So the banks are still best placed to benefit from the current consumer credit boom, and have responded in the classic way when demand exceeds supply: by holding up the price.

In our free enterprise society, there is nothing basically wrong with that—except that bank customers should not allow them to get away with it.

Bankers are helped by the fact that credit is not "price sensitive." Most borrowers calculate the cost of a personal loan only in terms of whether they can afford the monthly repayment, and are then deeply grateful to their bank manager for making the advance.

Many people are also quite happy to pay an extra few pounds on their credit card bills for interest, not realising that they are buying time at the rate of over 25 per cent a year.

If bank customers took the attitude that the bank manager should be grateful to them for bringing him business, rather than the other way round, that would be a start.

But if "shop around" was ever the best advice in finance, now must be the time.

Computing the cost of divorce

THE PUBLICATION this week of proposals backed by the Law Society's family law committee for a computer-based system for calculating financial settlements provides little cheer for the 150,000 couples who will divorce in the UK this year.

Very many of them are destined to struggle through protracted wrangles over dividing the matrimonial home, over the amount of maintenance payments and other financial arrangements—with arguments and resentment which sometimes lasts for years.

They will emerge eventually from a traumatic, and all too predictable, process of upset, demands, claims and counterclaims which can leave families even more divided, and keeps hardworking divorce lawyers in the comfort to which they have become accustomed.

The discussion paper by David Green, a divorce solicitor, proposes that instead of the present rather general Law Society guidelines, which result in individual solicitors making up their own criteria, maintenance payments, for example, could be subject to a formal code.

This would convert figures such as the incomes of husband and wife and facts such as who will have the custody of children into a mathematical formula producing figures for all to see.

There is little doubt that some kind of agreed "bus map" of what the financial arrangements are likely to be can go a long way to defuse the present wrangles, which are created in part by the solicitor's clients on both sides not knowing what they are entitled to and expecting to fight for whatever can be won.

This situation has been brought about in part by the lawyers themselves. They usually act, as they are trained to do, essentially for their client and what might be fair and sensible for both parties may never enter the picture. Even the wording of letters about quite mundane matters between divorce solicitors is frequently combative rather than on the lines of negotiating towards a settlement.

One change which has helped the situation is the rapid growth of the Solicitors Family Law Association, now nearly 1,000-strong, members of which work directly to achieve the most practical, and even amicable settlement possible, if the client will let them.

Some wise lawyers within and outside the association will ask clients to come back in a few months to deal with the divorc when they are in a calmer emotional state.

One of the principal difficulties about money in divorce is that, except for the very wealthy, there usually just is not enough to go round when one home becomes two. One or both partners may fall into difficult financial straits as soon as they separate, breeding worries and problems which do little to lower the temperature.

By the time the parties do seek legal advice there may be complicated financial problems to solve which are made more difficult if they are not speaking to each other and their solicitors communicate with each other only by letter.

Behind all this is the reality that property and money are symbols and trigger points for deeper feelings and insecurities. Often, they represent inequalities of power or ability to earn within the marriage. For example, a wife who has always depended wholly or partly on her husband's income may have long resented having to ask him for money.

The spectacular Hollywood divorces, with highly-paid lawyers fighting over millions of dollars, are examples of these underlying attitudes.

There is no simple answer to this. But couples or individuals who allow themselves to be helped to trust and act responsibly, through in-court or out of court conciliation procedures, or marriage guidance counselling, can work through some of the emotional areas to deal more rationally with the practical and financial ones.

Couples do it, and sometimes amaze their solicitors and bank managers who are unused to the idea of a break-up without battles over the assets.

These problems are increasingly affecting couples who live together outside marriage where they buy homes and have children. The computer approach could help them too through different laws apply — to property, for example.

David Green admits that his proposals could take years to be adopted. In the meantime, the various ways in which divorce can be coped with to limit the financial and emotional damage will go a long way for couples willing to try them.

● *Maintenance and Capital Provision on Divorce — a need for precision? Price £2 from the Law Society Publications Shop, 113 Chancery Lane, London WC2*

Mike Strutt

Michael Strutt is co-author, with Dr Chris Belshaw, of Couples in Crisis — a guide to coping with divorce (Gollancz £4.95).

When cuts hurt

A CUT in interest rates—widely expected after the Budget—may be good news for industry and houseowners if mortgage rates come down as well.

But for many people relying on income for investments, particularly building society or bank deposits, lower interest rates are a bad thing. So Chase de Vere Investments, the London-based financial advisors, have devised an investment portfolio specifically designed for anyone worried about protecting themselves from falling interest rates.

Called the Interest Rate Protector, it is a combination whereby half your money goes into the Leamington Spa Building Society's one-year fixed rate bond paying a guaranteed 10 per cent per annum, while the other 50 per cent is invested in the Aetna Gilt-Edged Fund. The idea is that the building society rate is fixed for 12 months, while the value of gilts should improve as interest rates decline.

John Edwards

FINANCE & THE FAMILY

Malcolm Gammie looks at options as the fiscal year ends

Act now to keep tax down

WITH THE end of the tax year less than a *month away*, you should now be considering action to mitigate your tax liabilities in 1986-87.

Everyone, even a child, is entitled to a slice of tax free income—the personal allowance. In 1986-87 this will be at least £2,335; but if the allowance is unused, it goes to waste. A deed of covenant may be an effective *way of transferring* income from a taxpayer to someone who would otherwise have *insufficient* income to use the allowance in full.

The deed must provide for payments to continue for more than six years — hence the usual seven-year covenant. It must become operational before April 6. The amount paid will *then form the recipient's income* for 1986/87, though it covers the year to April 1988.

Payment must be made under deduction of tax at 29 per cent. The recipient can reclaim this if he/she has no tax liability. So someone with no other income *may be paid £1,658 net and* reclaim £677 tax. A parent can provide in this way for adult children. A covenant and even an outright gift *of* cash or income-producing assets *to minor* children is ineffective: the income generated through *the covenant or gift is* taxed as the parent's. Grandparents, however, are free to support grandchildren of any age.

Bank and building society *interest are paid net of basic* rate tax. The tax is, however, not repayable even to a non-taxpayer. Such an individual should consider switching savings into a form which allows either the payment of income gross, such as a National *Savings Investment Account*, or the tax borne to be reclaimed. Gilts and shares are in the latter category, but can involve an element of risk.

If income is required in 1986/87, it must be paid or credited in that year; interest for example is not taxed as it accrues. Closing an account may ensure that interest is paid. Selling gilts or other securities covered by the accrued income scheme may not, however, create income in the current year.

Although, under that scheme, if you exceed the small investor limit (£5,00 nominal value of securities), you will be taxed on the income accrued up to your sale.

That tax charge will be raised by reference to the next *interest payment date for the* security. So if interest is next due for payment on June 30, a *sale in March will create income* for 1987-88, not 1986-87. You will, however, receive the accrued income gross as part of the sale proceeds. The interest would normally be paid under deduction of tax.

The Business Expansion *Scheme offers relief at top* rates of tax. Up to £40,000 may be invested annually in new share capital of one or more qualifying companies. The shares must, however, be issued in 1986-87 and mere investment in an approved fund is not of itself *sufficient*.

Provided they are retained for five years, BES shares issued now are fully exempt from capital gains tax.

Gilts, most quoted corporate bonds and shares within a personal equity plan are also *exempt. The corollary of exemption* is that losses incurred are not allowable. Gains on other assets or investments are potentially chargeable to capital gains tax at 30 per cent. However, the first £6,300 of net gains in 1986-87 escape charge and a *portfolio should* be reviewed with this in mind.

"Net gains" are arrived at after deducting any losses sustained in the year. Unused loses of earlier years may also reduce current chargeable gains but such losses (unlike current year losses) are deducted only to the extent required to reduce the current net gains to the £6,300 exemption limit.

Only one £6,300 exemption is available to a married couple. Losses of one spouse are normally set off against the gains of the other, but an election may be made (by July 5 1987) to use *losses of each spouse* separately if this is more advantageous.

A married couple, both of whom are earning, should also review whether they should elect for the wife's earnings to be taxed separately. A decision for 1985-86 must be taken by April 5 1987.

Finally, it may be appropriate to review pension contributions. *An employee may be entitled* to make additional voluntary contributions to his company scheme. The self-employed and those without a company scheme should, however, consider whether further retirement annuity contributions should be *paid. Premiums of up to* 17½ per cent of net relevant earnings qualify for relief, with higher limits for older taxpayers.

Premiums may also be paid to cover any unused relief brought forward from the six previous years.

Premiums paid are normally deducted from taxable income in the year of payment. An individual *may, however*, elect on or before April 5 1987 that a premium paid in 1986-87 be *carried back*. Subject to the relevant limit for the year, it is then relieved in 1985-86 or, if there were no net relevant earnings that year, in 1984-85.

If premiums paid in any year fall short of the maximum allowable relief, the unused *amount may be carried forward* for up to six years to increase the maximum relief.

Watch out for changes when you renew, says **Eric Short**

Insurers who keep it quiet

WHEN YOU receive the annual notice *from* your insurance company for the renewal of house, *motor* or other personal insurances *do* you *look* at any *item* other than the premium demand?

You should. The premium increase may not be the only bad news in the envelope. One of the enclosures could be an official notice that the cover on *that particular policy has been* changed.

General insurance contracts are in law renewed annually. To save costs, insurance com*panies amend existing policies* as and when changes arise. Householders or motorists should not assume that the terms of the insurance policy *when they first took it out still* apply.

Otherwise they may discover when *disaster* strikes that they are no longer fully covered.

This subject is one of the themes in the 1986 report* of the Insurance Ombudsman. *James Haswell, who has had to* deal with several complaints from this root cause. He is far from complimentary to insurance companies.

*Insurance companies extend*ing cover, display the fact prominently to policyholders. But when reducing cover, they give as little publicity as *possible*.

This is a natural marketing ploy, compounded by the fact that policyholders are given insufficient time to find another insurance company with more acceptable terms before the existing cover runs out.

Haswell warns insurance companies that failure to communicate policy changes properly could force him to deal with a complaint on the basis *of* the old terms.

His other criticism of insurance companies relates to the *jargon used. Terms such* as "All Risks" and "Comprehensive" mean different things to the public than they do to the underwirters. Generally, neither an All Risks policy nor a comprehensive policy provides blanket insurance cover, yet that *is* what the *terms imply* and what the public usually expect.

However, generally the Insurance Ombudsman finds that insurance companies treat policyholders fairly. Of 1,017 cases dealt with during 1986, only 218 resulted in a revision *of* the *insurance company's* decision.

In a lighter vein, the Ombudsman sets out his definition of a work of Art in relation to claims on household and All Risks policies. The case related to a ceramic figure *which was accidentally* broken.

This was not covered under the contents section of the policy so the policyholder, advised by his insurance broker, claimed under the all risks section which included works of art in the definition of valuables.

His ruling is based not on the worth of the object but on

James Haswell . . . far from complimentary

its uniqueness. A one-off article having an aesthetic value above its value as an *object in use has*, in the Ombudsman's view a strong claim to be a work of art. But if the item can be readily replaced by an in*distinguishable specimen then* his judgment is that it is only a reproduction.

One feels that insurance companies will tighten up on *the definition* of valuables and works of art in their policy definitions.

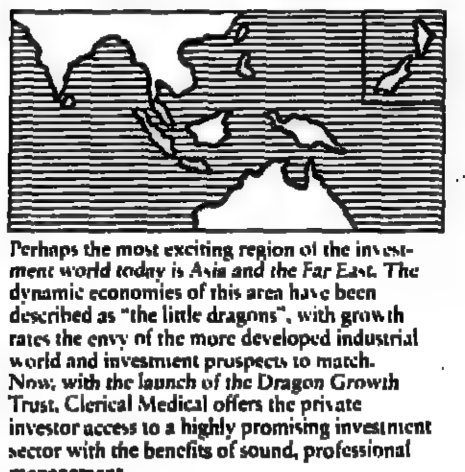
The role and scope of the Ombudsman still confuses many complainants, says Kate Foss who chairs the Council of the Insurance Ombudsman Board.

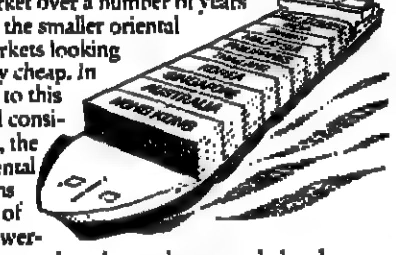
She explained that the Ombudsman is completely impartial—neither an insurance company lackey, nor a consumer's champion. The Council whose members are mainly lay people with experiences in consumer affairs, simply oversees *the impartially of his decisions*. However, the Ombudsman can deal only with cases within his terms of reference. As a voluntary system set up by insurance companies themselves, it gives the Ombudsman no power to deal with complaints against *companies outside the Insur*ance Ombudsman Bureau.

Of the 5,873 enquiries received last year, up 1,100 on 1985, 1,922 (around one-third) related to non-member companies and another 790 (13 per cent) were outside the terms of *reference*. So *nearly* half could not be dealt with by the Ombudsman or his staff.

The operation of the Financial Act may bring more insurance companies into the scheme, though the Act itself only relates to life business. There is a need for the scheme to have complete coverage.

** The Insurance Ombudsman Bureau Annual Report 1986 is available free of charge from 31, Southampton Row, London WC1B 5HJ (telephone 01-242 8613).*





• FINANCE & THE FAMILY •

John Edwards picks a way through the credit card jungle

Seeking nuggets among the gold

GOLD CARDS are no longer very exclusive. There are so many of these services now on offer, with all kinds of attractions attached, that it is difficult to know which one to choose. So which are the best?

As usual there is no simple answer: it depends what you want—merely a status symbol, easy access to money and services when you are travelling, or the ability to borrow with no questions asked at a competitive rate of interest.

However, a guide* to bank gold cards, issued by Save & Prosper this week, certainly helps to see what is on offer.

On most criteria, the best bet seems to be the NatWest Gold Plus service. It has no joining fee; the annual subscription of £50 is waived for the first year (and is only £40 if you pay by direct debit); there is no charge for an additional card: and there are no bank charges for Gold Plus customers even if they are overdrawn.

NatWest will also allow you to convert an overdraft on your normal account into a Gold Plus loan, with the standard upward limit of £10,000 paying interest at only 2.5 per cent above base rate.

Like Barclays and Midland, NatWest offers gold card-holders direct access to its in-house stockbrokers and gives free investment counselling.

To qualify for a NatWest or Barclays Premier gold card, you need an income of only £20,000 a year compared with the norm of £25,000 required by most other suppliers (although Bank of Scotland sets the qualifying limit lowest at £15,000). By contrast, Adam & Company and Coutts set the minimum income at £30,000 and confine their gold card service to customers only.

Next best value in terms of cost are Adam and Save & Prosper, since they have no joining fee or annual charge. Both pay interest on balances held in current accounts and do no impose any service charge for cash withdrawals.

However, with Save & Prosper you can use the £10,000 overdraft facility only after a one-year qualifying period.

Emphasising the attraction of gold cards to travellers, the services offer free travel accident insurance. But American Express, Mastercard and Visa have all kinds of extra benefits for overseas travellers.

**The Save and Prosper Guide to Bank Gold Cards, available free from Customer Services Department, Save and Prosper, 28, Western Road, Romford, RM1 3LB (Money Line 0800 282101).*

BANK GOLD CARD SERVICES

Bank	Charge card	Qualifying gross annual income	Standard overdraft limit	Overdraft interest	Joining fee	Annual subscription	Additional card
Adam & Company Gold Card	VISA	£30,000	£10,000	2½% over base rate	None	None	No charge
Bank of Ireland Gold Card	American Express	£25,000	£10,000	2½% over base rate	£20*	£50	£25 p.a.
Bank of Scotland Premier Card	VISA	£15,000	£10,000	2½% over base rate	£10	£35	£10 p.a.
Barclays Premier Card	VISA	£20,000	£7,500	2½% over base rate	£10	£40 (£35 if paying by direct debit)	£10 p.a.
Coutts Gold Mastercard	Mastercard	£30,000	£10,000	2½% over base rate	None	£60	No charge
Grindlays Gold Card	American Express	£25,000	£10,000	2½% over base rate	£20*	£50	£50 p.a.
Lloyds Bank Gold Card	American Express	£25,000	£10,000	2½% over base rate	£20*	£50	£50 p.a.
Midland Gold Service	Mastercard	£25,000	£10,000	2½% over base rate	£10	£40	No charge
NatWest Gold Plus Service	Mastercard	£20,000	£10,000	2½% over base rate	None	£50 (£40 if paying by direct debit) Waived in first year	No charge
Robert Fleming/ Save & Prosper Premier High Interest Bank Account	VISA	£25,000	Up to £10,000 after one year qualifying period	4% over LIBA gross compounded annual rate	None	None	No charge
Royal Bank of Scotland Gold Card	American Express	£25,000	£10,000	2½% over base rate	£20*	£50	£25 p.a.

* Waived for existing American Express cardholders.

Source: Save & Prosper Guide

CHESS

A BRILLIANT start of six consecutive wins gave Nigel Short a virtually decisive lead this week at the all-grandmaster IBM tournament in Reykjavik, Iceland. The event was played at the Loftleidur Hotel, home for the American delegation at the Fischer-Spassky match of 1972, and Short's play in several games evoked comparisons with Bobby Fischer at his peak.

During his winning series Short defeated major rivals from the world top rank in Timman, Ljubojevic and Korchnoi, as well as three Icelanders. He then slowed down with draws against Portisch and Polugaevsky and a surprise loss to Hjartarson of Iceland, but remained clearly in front.

Final scores at Reykjavik were: Short (England) 8/11; Tal (USSR) and Timman (Netherlands) 7; Korchnoi (Switzerland) and Portisch (Hungary) 6½; Polugaevsky (USSR) 6; Agdestein (Norway) and Arnason (Iceland) 5½; Ljubojevic (Yugoslavia), Hjartarson and Olafsson (both Iceland) 4; Petursson (Iceland) 2.

Short is officially seventh in the Fide world rankings published in January, but his double success at Wijk aan Zee and Reykjavik will place him much higher. After Reykjavik his Fide ratings will rise to 2640-2650, easily the best ever achieved by a British player and virtually level with Sokolov and Yusupov of the USSR, who are officially joint third on 2645. Kasparov (2735) and Karpov (2710) are way out in front, but Short looks poised to advance to clear number three in the world.

Fischer had a patent attacking plan against the popular Sicilian Defence 1 P-K4, P-QB4. He used to develop his bishop at QB4, then advance his pawn to KB5 and force open the bishop's diagonal. Short also has his special anti-Sicilian idea, pushing forward his king's side pawns on a broad front and often placing the bishop on the KR3-QB8 diagonal.

Occasionally it comes unstuck, as in last Saturday's televised game against Kasparov, but in general Short's attack is becoming as feared as Fischer's was in the 1960s.

White: N. D. Short (England).
Black: L. Ljubojevic (Yugoslavia).
Sicilian Defence (IBM Reykjavik 1987).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-QR3; 6 B-K3, P-K3; 7 P-B3, B-K2.

Kasparov went 7...QN-Q2. Short had a good opening, but was outplayed later and the world champion went 2-0 up in the six game series. Tonight's game is screened on Channel 4 at 6.30—watch for a better performance by our hero.

8 Q-Q2, P-QN4; 9 P-KN4, B-N2; 10 0-0-0, 0-0; 11 P-KR4, N-B3; 12 NxN, BxN; 13 P-N5, N-Q2; 14 N-K2! (regrouping to strike at Black's KP), P-Q4; 15 N-Q4, B-N2; 16 B-R3, N-K4; 17 Q-K1!

Ostensibly, White is preventing QPxKP, but the subtler purpose is to lure the black queen away from the centre.

17...N-B5; 18 P-B4, NxB; 19 QxN, Q-R4; 20 K-N1, PxP? 21 NxKP!

Black should have played KR-Q1. Now if 21...PxN; 22 BxP ch, K-R1; 23 R-Q7 regains the piece with a decisive attack.

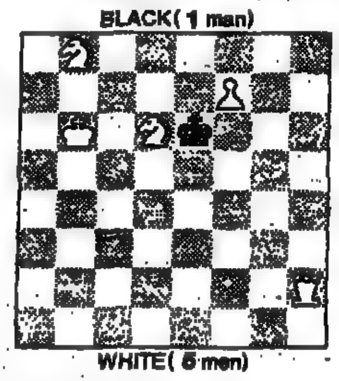
21...KR-K1; 22 P-R5!

Short's hidden point is that if PxN; 23 BxP ch, K-B1; 24 P-R6 (PxP; 25 Q-Q4) fatally exposes the black king. Suddenly, Black has no reasonable defence.

22...B-Q1; 23 R-Q7, B-QB3; 24 Q-Q4, B-B3; 25 PxB, BxR; 26 QxB, Q-N3; 27 NxP, KR-Q1; 28 Q-N4, K-R1; 29 N-K8! Resigns.

PROBLEM No. 662

BLACK (1 man)



WHITE (5 men)

White mates in two moves against any defence (by K. Junker, 1956).

Solution Page XXI

Leonard Barden

هكذا من الأصل

• FINANCE & THE FAMILY •

Hold certificates safely

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I have recently retired having a lump sum invested by a financial adviser in a spread of income bearing Unit Trusts and an insurance property bond. In all cases I have only the contract notes sent to me and not the certificates.
The various Unit Trusts send me the income direct at my home address. Should I not hold the certificates?

You would be wise to ensure that all the certificates are in safe keeping. If they are not held by you their whereabouts should be ascertained and receipts or some other acknowledgement that they are held for you should be obtained.

Appeal on VAT charge

A two-storey gable wall on my house, which is listed Grade II, has been taken down and rebuilt. For this Listed Building Planning Consent had to be given
The wall was of stone with earth infill. It is now a cavity wall of breeze blocks rendered. Two windows have been altered and enlarged from 16 sq ft each to 28 sq ft each. The VAT office maintains that this is a repair and not an alteration and therefore is not zero rateable. It is admitted that the wall was originally in a bad state.
Is this reasonable, and if it is not is there anyone to whom I can appeal?

In relation to listed buildings alterations for which listed building consent is necessary are zero rated. Such zero rating does not include works of repair or maintenance even though they are included in the listed building consent.

In your case you should argue that the wall *is different from* the original wall because it is a cavity wall and also that the sizes of the windows have been increased. The argument is that because the wall is different the change cannot amount to a work *of repair and maintenance. If* the VAT office does not agree and fails to give you reasons which you find satisfactory you can appeal against its decision. An appeal lies to the VAT tribunal which is independent of the VAT office. Your local VAT office will give you a booklet explaining the appeal procedure.

Interest withheld

While engaged on a temporary contract abroad, I let my main residence in London through agents. They informed me part way through the let that, until I formally established exemption from tax, they were liable under the Taxes Management Act 1970 as managing agents for tax on profits made by overseas non-resident landlords. They therefore deducted from May 1984 amounts calculated at the standard rate and "recorded these in a separate tax account in the name of the individual landlord."
It has taken some two and a half years to establish my tax position, but the agents have now accepted to release to me the money they hold in the tax reserve.
I have asked them to credit me with interest on the sums held in this reserve, and indeed, had notified them in earlier correspondence that I would be expecting this. They have now replied: "With regard to interest on these monies, I regret to inform you that it is not company policy to pay interest on monies withheld by us."
Is there not an obligation on estate agents and the like to pay interest on clients' funds?

We can see no sound basis on which interest can properly be withheld from you. The sum was held in a separate account which must have been in the nature of a trust account, with *you as the beneficiary*.

Seals for covenants

My granddaughter was born in March 1986 but there was some delay in choosing her name, which I learned only on April 4, so that the completion of a Deed of Covenant was urgent. I did not have a standard covenant by me and composed the wording from memory. The inspector demurs and rejects the covenant as invalid. My impression of the validity of a legal document is that the intention of the agent should be clearly expressed and the document witnessed, as in this case.
All that is missing are the words "Sealed and delivered," for the document was immediately delivered to the inspector. The Seal, it appears, may be "popularly" omitted, so it is a small extension to omit the word.
Should I appeal further against this ruling, which eeems petty?

English law (unlike Scots law) has a superstitious regard for seals. Without a seal, the document which you signed on April 4 last year does not impose any legal obligation upon you: you can default without any fear of being sued. Since you are under no legal obligation to make the promised yearly payments of £170, your undertaking to do so is revocable at will, and you are caught by section 445 of the Income and Corporation Taxes Act 1970 (revocable settlements allowing release of obligation). This is not the full explanation, but no doubt it will suffice to persuade you that there is no point in arguing with the tax inspector.

The reason why sealless covenants are quite often accepted as legally enforceable if the attestation clause includes a statement that sealing has taken place is merely that the Courts are reluctant to assume that a signed and witnessed statement is false. In the *absence of evidence that sealing* did not in fact that place, therefore, the Courts presume that a seal was affixed but subsequently fell off. At is appears to be becoming commoner for people to be prepared to put their signatures to false statements that documents have been sealed, English Courts may well adopt a less indulgent attitude *towards purported deeds which* carry no physical marks of ever having had a seal affixed to them.

Keep those gains in the family

Early action can save CGT bills, particularly if you spend time abroad

APART FROM providing a company with money for expansion a stock market flotation also gives the hard working shareholder a chance to cash-in" on some of the value he has created over the years.

Although profits from the *sale of shares are normally* chargeable to capital gains tax *there are a number of ways* in which CGT can be mitigated by the far-sighted shareholder who is properly advised and takes early action.

Taking a theoretical example, Bob Jones started his own company, XYZ Ltd, in 1982 with £10,000 of share capital. By 1986 XYZ has become profitable and Bob is advised to transfer 30 per cent of the shares into an "accumulation and maintenance" trust for the benefit of his three children while the *value of XYZ's shares is still* relatively low.

The 30 per cent of XYZ is estimated by his accountant to be worth £100,000 but no tax at all is payable on the gift to the trustees. This is because the capital gain of £97,000 (ie £100,000 less the original cost of 30 per cent of £10,000 and ignoring the indexation allowance) can be "held-over" by the trustees so that no tax is paid until the shares are sold or the UK trustees are replaced by non-*UK resident trustees.*

The gift is also exempt from *inheritance* tax although there may be a charge on Bob's estate *if he* dies within seven years. Bob is advised that the present favourable inheritance tax regime could be the first casualty of any future change in Government and that he should make gifts now, if it is at all feasible.

The accountant's valuation of £100,000 for a 30 per cent *share*holding will need to be agreed with the Shares Valuation Division of the Inland Revenue in *due course.* There are several factors to take into account in calculating share values such as the dividend record (if any), recent profit levels, net assets and the price of shares in comparable quoted companies.

An important consideration *is* the size of the shareholding being valued. *Minority* shareholdings will have a significantly *lower* value per share than controlling shareholdings *of more* than 50 per cent but most important of all is the fact that shares in unquoted companies tend to have much lower values than shares of quoted companies. Hence *the* advantage of taking early action.

XYZ's profits continue to rise and a stock market quotation looks likely for the autumn of 1988 depending upon market conditions at the time. During the tax year 1987-88, and in anticipation of the flotation, the UK trustees of the accumulation and maintenance trust are *replaced by trustees resident* in Jersey. This action triggers *the "held-over" gain of £97,000* on which capital gains tax of £29,100 will be payable by the trustees on December 1 1988.

Stock market conditions in autumn 1988 prove favourable *and the flotation of XYZ is* a great success with heavy oversubscription for its shares—it is capitalised at £3m. Bob decides to sell £1m worth of his shares, on which CGT of some £300,000 will be payable.

The Jersey trustees of the accumulation and maintenance trust sell half their shares in XYZ (i.e., 15 per cent) for *£450,000* and this is received free of all CGT because the *trust is now resident in Jersey* for tax purposes. The tax payable *of £29,100 on* the "held over" gain can now be funded out of the sale proceeds.

In January 1989, Bob's eldest son Oliver decides to work in Hong Kong for two years. This event prompts the trustees of the accumulation and maintenance trust to distribute Oliver's share of the trust funds to him, particularly as this will mean that any cash can be paid free of all tax while Oliver is a non *UK resident.*

The early 1990s find Bob *Jones in a restless mood* and he decides to leave the UK for Spain's *sunny shores.* He emigrates in March 1991 and sells *his remaining* XYZ shares, are now worth £2m, after April 5 1991. The £2m sales proceeds should be free of UK tax provided Bob stays out of the UK for at least three tax years, does not return for more than 90 days per year and does not retain a home in the UK.

Overall, Bob and his family will have received £3,450,000 from the sale of XYZ shares, and paid a mere £329,100 in CGT. This ignores the shares still held by the Jersey trustees and the shares *distributed to* his son Oliver. Had Bob taken *no avoidance* action whatsoever, the tax bills would have amounted to £1,035,000.

"Tax Aspects of Going Public," by David Cohen of Paisner and Co, and John Power of Touche Ross, price £5.50 is available from Chartac Books, The Institute of Chartered Accountants in England and Wales, 399, Silbury Boulevard, Central Milton Keynes, MK9 2HL.

John Power

BRIDGE

I AM indebted to José Le Dentu, whose articles I enjoy so much, for this hand from a rubber:

N
♠ J 10 9 5 3 2
♡ A 7 5 4
♢ A Q 7
♣ —

W
♠ Q 8 6 4
♡ —
♢ 10 8 6 2
♣ Q J 8 7 4

E
♠ A
♡ J 9 6 3
♢ K J 5
♣ A K 10 3 2

S
♠ K 7
♡ K Q 10 8 2
♢ 9 4 3
♣ 9 6 5

East dealt at game to East-West and opened with one club. South overcalled with one heart, West raised the clubs, North said two spades, and East jumped to four clubs. After two passes North bid four hearts, and East's double closed the auction. West led the queen of clubs.

If South ruffs in dummy and returns a spade, East wins and forces dummy with another club. A spade is led back, East ruffs, the spade suit is a frozen asset, and with the king of diamonds offside South goes down.

The declarer, however, foresaw the possible 4-1 spade break and avoided all *danger* by superb play. He jettisoned his *king of spades on the* ace. The defence was helpless. A club return was ruffed on the table, trumps were drawn—the finesse was marked — and the seven of spades was led to concede a trick to the queen and set up the rest of the suit.

West can, of course, cash a club trick but that is all. The defence take just two spades and one club.

The unblocking of the king of spades is a surprising safety play. Instead of the more usual *loser-on-loser play*, the declarer prefers a winner-on-loser play. I wonder how many players would spot that winning line.

West should not have doubled. Five clubs has much more to recommend it.

The declarer who played the next hand did not show the same foresight:

N
♠ K J 9 6 2
♡ 4
♢ —
♣ J 9 8 6 4 3 2

W
♠ Q 8 5 3
♡ A 10 5
♢ 9 7 6 2
♣ A 7

E
♠ A 10 4
♡ 3 2
♢ 10 8 5 4 3
♣ K Q 10

S
♠ 7
♡ K Q J 9 8 7 6
♢ A K Q J
♣ 5

West dealt at game-all, South opened the bidding with two hearts, and went four hearts after his partner's *response of* two no trumps. The ace of clubs was led and a second club was ruffed in hand.

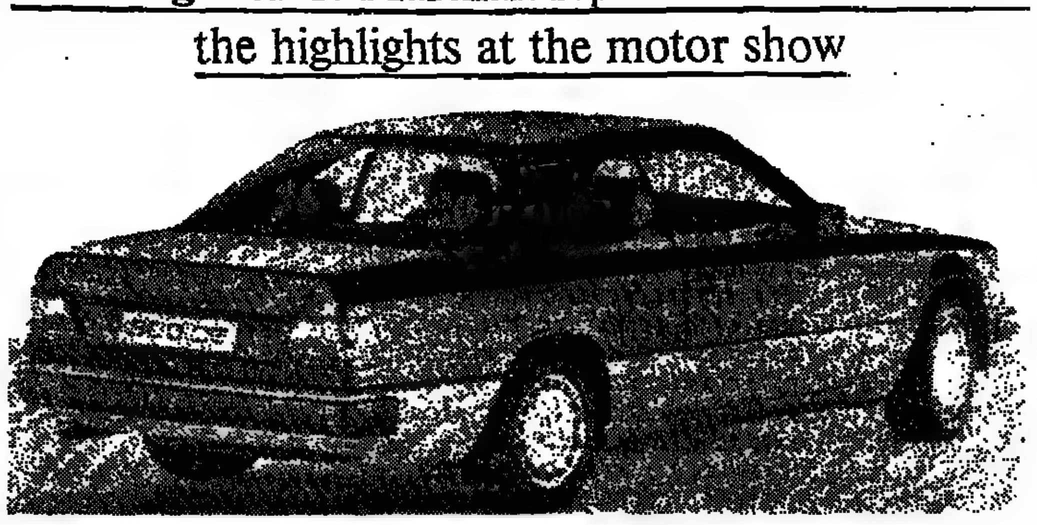
The declarer played his king of hearts. West won with the ace and switched to the three of spades. East took his ace and returned the king of clubs. South ruffed with his knave of trumps and West rightly discarded a diamond. The club lead had promoted West's ten *of hearts to winning rank, and* the contract was defeated.

Had the declarer studied the position carefully he would have seen that, so long as the trumps broke 3-2, the only possible danger was trump promotion. This could occur if West held ace, ten and another trump and East held the ace of spades, which would allow him to obtain the lead and return the *king* of clubs.

After ruffing the second club, South should play his ace of diamonds — that adds to the piquancy — and ruff with dummy's solitary trump. He then leads the knave of clubs, East wins, and South discards his seven *of spades. This delight*ful loser-on-loser play cuts the *enemy lines of communication.*

E. P. C. Cotter

Motoring: Stuart Marshall reports from Geneva on the highlights at the motor show



The new Mercedes-Benz 300 CE coupe.

No expense spared

WHAT BETTER place could there be than Geneva to introduce the car for the man who already has absolutely everything else? Hooper, coachbuilder to the royal family for most of its 150-year history, chose the motor show in this affluent Swiss city to introduce the ultimate in conspicuous consumption — a two-door Bentley coupé that sells for £275,000 and is arguably the world's most expensive motorcar.

The Hooper Empress II is based on the Bentley Turbo R, which sells at the relatively modest price of under £100,000. According to Hooper's chairman, John W. Dick, the Empress II is a state-of-the-art vehicle, a future classic designed to last well into the 21st century.

Under its hand-beaten body panels are standard Turbo R mechanical components, but the interior is, as you might expect, rather special. All four seats are electrically adjustable. The cocktail cabinet is stuffed with Waterford crystal (what else?) and 15 specially tended Scandinavian cattle free from warble fly gave their lives to provide hides for the upholstery.

Two cars, one each in left and right hand drive, have already been sold and a third is now being produced. Small numbers will be built to individual order. The painted radiator grill is tilted backward and the general appearance calls to mind a Bentley crossed with a Mercedes 600.

The Hooper Empress II apart, the Geneva show has little that is brand new although a great deal of absorbing technology is to be seen, not least on the Japanese manufacturers' stands. Honda, for example, is showing four-wheel steering ("soon to be introduced," it says, "on general production cars") as well as full-time four-wheel drive and ABS brakes.

Nissan's Terrano 4X4 is being shown for the first time in Europe. It has independent front suspension and a coil-sprung rear axle and is clearly aimed at buyers who go off-road infrequently but wish to do so in great comfort.

As expected, the Mercedes-Benz 230 CE and 300 CE coupes are a centre of attention. Although based quite closely on the mid-range saloons, they are slightly shorter in the wheelbase and lower on the ground to emphasise their sporty nature.

Large capacity engines are reappearing in numbers. So much for the prophets of doom

They weigh a little more than the four-door saloons because as true pillarless coupes, they needed reinforcement and extra equipment. With typical thoroughness, Mercedes has a vacuum-operated lock on the front seat backrests. Stop the engine, and they fold forward to let people into the back seats without any fiddling with catches.

The coupes, which replace the former 230 CE and 280 CE models, are a little roomier inside though not so spacious as the 200-300 saloons; nor is the boot so big. But for elegance, one always has to suffer a little. The new cars will make their British debut at Motorfair next October at prices which are not known but are bound to be high.

At the other end of the scale, Daihatsu has chosen Geneva as European launch pad for a brand-new Charade range, just 10 years after the original model appeared. The power unit remains a one-litre, three-cylinder petrol or turbo-diesel engine and Daihatsu claims a world first with a twin-cam, four valves per cylinder petrol turbo which drops into the smallest car yet with a GTi badge.

Citroen is showing a new range of CX turbo-diesels with intercooling, which boosts output from 95 hp at 3,700 rpm to 120 hp at 3,900 rpm. The CX diesel has always been a splendid long-distance cruiser. With the extra power and a 29 mph per 1,000 rpm fifth gear, it should be better still for refinement and economy. Saloon and estate versions reach Britain soon.

The BMW V12, previewed at Birmingham, is featured at Geneva. This five-litre engine will power the new 750i saloon. When it appears this autumn it will replace the Jaguar 3 series V12 — still on sale at £25,995 — as the world's silkiest and swiftest five-seater. A V12 version of the new Jaguar is in the pipeline and, by the time it arrives a Mercedes-Benz V12 is also due to be on the scene.

Who could have forecast a few years ago that large capacity, multi-cylinder engines would be reappearing in numbers? All the talk then had been of dearer oil and an overwhelming need for economy cars. So much for the prophets of doom.

With 300 horsepower under the bonnet, the BMW 750i will reach 155 mph at a relaxed 4,810 rpm in overdrive top of its very high geared automatic transmission. It would go faster but an electronic cut off operates at 155 mph. Acceleration from a standstill to 100 kilometres an hour (62 mph), aided by electronic traction control, takes just 7.4 seconds.

All this is for the near future. For the present, the 735i model — I drove to Geneva in one and will be reporting my impressions in two weeks time — is sold out in Britain until October. Factory mileage examples have been selling at a £5,000 premium — but not from BMW dealers.

Alfa Romeo is displaying two new engines that will shortly give the recently introduced 75 saloons extra punch. The V6 has been enlarged from 2.5 litres to three litres capacity, yielding 188 horsepower against the previous 156 horsepower. And the Twin Spark engine, a two-litre, four-cylinder with two spark plugs per cylinder, puts out no less than 148 horsepower, a remarkable output for a non-turbocharged engine of this size.

These engines will power the forthcoming Alfa Romeo Type 164, another variation on the Saab 9000/Fiat Croma/Lancia Thema body shell. This car is being saved for the Frankfurt Show in September

Treasure Trove: Gerald Cadogan on mummies

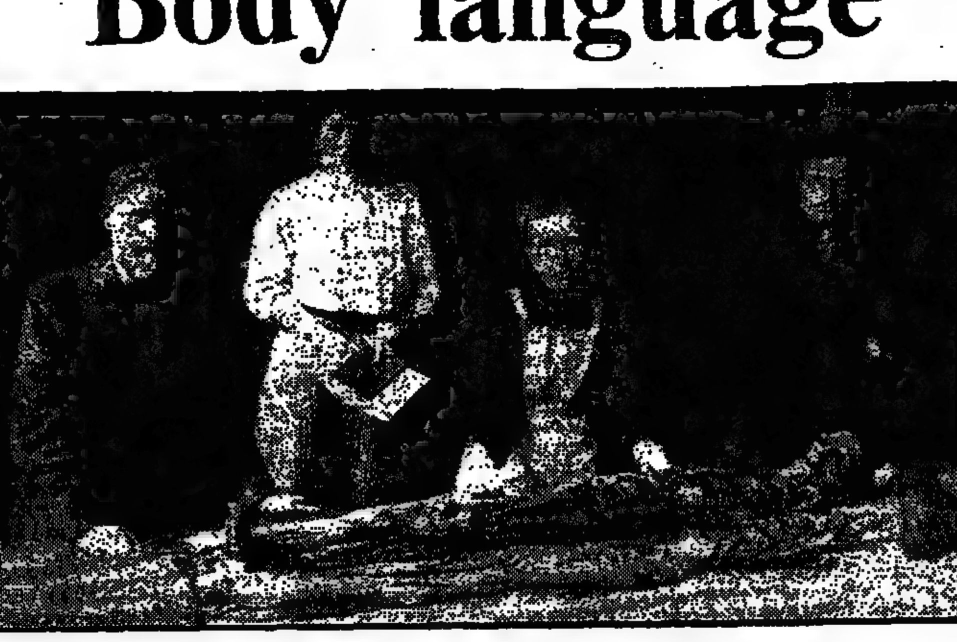
Body language

MANCUNIAN mummies have an excellent reputation. The Manchester Museum has a fine display of them, lovingly cared for and with their smallest ailments diagnosed—though not treated—since 1908, when the first mummy was unwrapped with the help of Margaret Murray.

Two new Egyptian galleries show Life and Death in ancient Egypt. Under either heading there is a remarkably rich and varied collection, much of it obtained around the turn of the century when Manchester money supported Flinders Petrie in his annual campaigns by the Nile. Cotton was a staple then of trade between the two places. And the Manchester Ship Canal helped make communication easy. Its oldest passenger—in a sense—is the mummified Khary, who reached England in 1893.

The Life gallery has bluff walls to put us in the desert, and to show how many everyday things have been preserved by the dry sand: dolls, a dice box, a wooden toy animal on wheels and a large basket which lacks only a cobra. The objects are arranged not by period but by type across time. It is a refreshing practice, provided it is not done everywhere, and has the effect of emphasising how traditional daily life was in Egypt for scores of centuries.

Another basket was used as a coffin c2650 BC. A faience bowl has boys climbing a palm tree to knock down the dates. On another bowl, relief hippopotami process round the rim. And there are textiles, mainly wool and linen since cotton apparently did not appear in Egypt till Roman times.



Mummy's boy: one of the Manchester bodies

The Death gallery, with dark blue walls, makes more impact: (a youth fainted when I was there). It is a powerful presentation of the dead Egyptians, and their pathology, and how they were mummified. Examination of the bodies and their accoutrements has flourished in recent years as pathology has developed so many new ways of analysis. The Mancunian mummies, like Lindow Man at the BM, have had treatment of Harley Street standard.

Behind mummifying was the Egyptians' preoccupation with the after-life, and the need to preserve the body and likeness of the dead. Mummy is an old word, probably coming from Persia and referring originally to bitumen, which was thought (wrongly) to have been the cause of the black coloration of some mummies.

Natron was the essential ingredient in Egypt for mummifying. It is a natural compound of sodium carbonate and sodium bicarbonate, occurring notably in the Wadi Natrun 40 miles north-west of Cairo. Experiments in Manchester on rats and mice suggest that the bodies were packed with natron, and were buried in it.

Mummifying leaves rich evidence of pathology, displayed clinically and convincingly. Khary suffered once upon a time from sand pneumoconiosis, as was seen from the fibrous adhesions in his lungs. Others had tape worms, which could cause cysts, or arthritis. And gippy tummy is nothing new.

Radiography is helpful with animal mummies to see exactly where the body is placed in the wrappings before starting to unwrap. There are surprises. A crocodile-shaped mummy became four crocodile skulls; and a sausage-shaped mummy was a gerbil with its own sack of food for the hereafter.

The most bizarre body is a child mummy, furnished with both an artificial phallus and gold nipple amulets, as if the embalmers did not know (could not see?) the child's sex. Was the body already in an advanced state of decomposition? A calcified guinea worm was found in the abdominal wall.

The Manchester Museum (Oxford Road, part of the University of Manchester, closed on Sundays) is essential visiting for those who like the history of medicine and disease—and for a vivid view of life and death in old Egypt.

Robin Lane Fox on Daphne dementia

Keep the pixies at bay

ON THE FIRST warm day each year I catch myself reliving the same horticultural dream. It occured last Saturday and it begins, I think, from a strongly evocative scent.

Budding magnolias stand furrily against the old walls and flowering daphnes pack every available border. By now, Daphne Odora has made a huge shrub by the doorway; Daphne Retusa has branched and spread like a miniature oak; Daphne Blagayana has spread masochistically from stone heap to stone heap, flinging out its stems beneath the weight which they need for good health.

Daphne Genkwa is wreathed in flower like a flourishing lilac; Daphne Collina has grown into a green mound; white and purple forms of Daphne Mezereum are flowering wildly, while Mats of the deepest pink form of Daphne Cneorum have spread to the size of the memorable specimen which I used to admire yearly on the rock garden of the Waterperry Horticultural School.

This dream has an old and respectable pedigree. Years ago, a similar one is said to have caused the discovery of the best scent in the Daphne family.

On a hot afternoon, a thousand years ago, a drowsy Buddhist fell asleep in a rural corner of China, beneath a limestone cliff: he seemed to be dreaming of an exquisite scent and on waking, traced it to bushes of Daphne Odora in the rocks behind his stony pillow.

This wonderful plant began its career in gardens by the Chinese name of "Sleeping Scent" a tribute to its lasting magic. Against a warm wall there is nothing better and the gold-variegated form is reliably hardy, with this slight shelter.

Perhaps my Daphne dementia has a meaning but in my case Daphne dreams begin with the sleeping "scent" of Odora in early March, and the first ribbons of flower on an excellent white flowered Mezereum which I bought in 1976 as the Bowles variety from Marchants in Wimborne. Like most dreams, most of my springtime yearning is an unfulfilled wish.

Scented white Daphne Blagayana grows freely for three or four years and then goes into decline; Daphne Genkwa eludes me, and after several years one of the purple Mezereums has still not flowered.

The charm of this family is their combination of scent, leaf and colour, nonetheless gardeners are somehow scared of them. They confuse a few difficult customers with a family which gives more pleasure real and fantasised than any other spring flowering shrubs. The following are really very easy if you leave them alone.

The easiest Daphne Somerset (or Burkwoodii) is not an evergreen, but it quickly makes a bushy hedge to a height of three or four feet. Anyone can grow this admirable shrub, whose scented flowers are a palish pink. It makes a much better hedge than a low line of paeonies or conventional bush roses.

The neglected Daphne Napolitana is also extremely obliging and has the double merit of being evergreen and flowering in a deep shade of ruby pink. My oldest plant flowers in a green flush in April but continues to show odd flashes of colour at intervals until the autumn.

It grows about two feet high and I am now planning to use it as a low hedging along the top of a wall where you might otherwise think of a line of scrawny lavender. The Neopolitan Daphne will grow excellently on lime and I cannot imagine why it is not more popular.

Instead, most people know the heather pink Mezereum, that upright Daphne which is wreathed with flower in spring before the leaves fully develop. Nobody can predict where this lovely old cottage garden shrub will flourish or why, but it is always worth trying.

If it takes to you, it needs no attention and is exquisitely scented. It has a host of uses; it will kill wolves, poison anyone who chose too many of its berries or leaves, and at all seasons, deter pixies.

I have just learned of a lesser known use from an old herb-book which may encourage you. One berry from a Daphne Mezereum will put even the most liver-hardened drinker off his cocktails.

So hot is its berry on the tongue that "drunkards cannot be allured to any drink at the time of eating."

Arthur Hellyer looks at attractive spots to visit

Golden jubilee for garden schemes

THE NATIONAL Gardens Scheme (NGS) celebrates its golden jubilee this year with the biggest list of gardens open to the public that it has published. It was Elsie Wagg, a council member of the Queen's Nursing Institute, who seems to have been the first person to appreciate the fund-raising possibilities of organised garden-opening. In 1926, she persuaded her charity to try it: and the following year the scheme was launched with 600 gardens which, between them, raised more than £8,000.

This year, the number of gardens listed in the famous yellow jacketed guide, *Gardens of England and Wales*, is more than 2,300 and gross receipts may well exceed £500,000. But what I find even more remarkable is that the 1987 list contains 94 of those original gardens, some of which have been opening for the charity throughout the 60 years.

These pioneer gardens include some very famous names such as Blenheim Palace, Blickling Hall and Leven's Hall, but there are also some very beautiful gardens which have never made the national headlines. Among these I particularly note Weyford Manor, near Crewkerne in Somerset, and Greythwaite Hall at Ulverston in Cumbria. Both show the skills of once-famous designers who have been forgotten by all except historians, and both combine architectural and natural features in a highly satisfactory way.

At Weyford Manor, the formal garden for a lovely Elizabethan house was designed by Harold Peto—a leader of the Italian revival in Britain at the turn of the century—for his sister, a Mrs Baker. The woodland garden beyond it was planned by her son, Humphry, with the encouragement of Sir Eric Savil, creator of the great woodland landscapes in Windsor Great Park.

Only one pair of hands can be seen at work at Greythwaite Hall—those of Thomas H. Mawson, who was adept at making Italian-style terraces leading to well-planted woodland glades. He had a great but largely unacknowledged influence on 20th century garden design in Britain, since he worked for many of the great industrialists and financiers of the Edwardian years.

People have learned to trust *Gardens of England and Wales* as a reliable guide and to take it with them whenever they go in search of gardens. The 1987 edition, just published, costs £1 in bookshops, newsagents and other retail outlets; or £1.50 if sent by post from the headquarters of the National Gardens Scheme, 57 Lower Belgrave Street, London, SW1 0LR, (01-730 0359).

This excellent book not only lists the gardens under counties and dates of opening but also gives a brief and useful account of each, with accurate directions for getting to it by road or public transport.

In Britain, there is no close season for garden-visiting and it is quite easy to make out a list of several dozen that are open and attractive even in mid-winter.

One of the first that caught my eye in the 1987 guide was the Old Rectory at Burghfield, Berkshire, which this year was open as early as February 25—presumably to catch the hellebores that grow in it as well as the "plants collected by owners in Japan and China, old-fashioned cottage plants" and the rest. It opens again on March 25, April 29, May 27, June 24, July 29, September 30 and October 28.

Many charities benefit from the NGS including the original Queen's Nursing Institute, some county nursing associations, Cancer Relief's Macmillan Nurse Fund, the National Trust, and two gardening charities—the Gardener's Benevolent Society and the Royal Gardeners' Orphan Fund.

The former gives pensions and grants and maintains a home with nursing facilities as well as residential accommodation for old gardeners and their wives or widows. The latter continues its original purpose of giving regular allowances and special grants to the orphans of gardeners, and has recently extended its brief to take in disabled children of gardeners even when both parents are living.

This year, the orphan fund also has something special to celebrate, since it was founded 100 years ago to celebrate Queen Victoria's jubilee. The first suggestion came from C. Penny, head gardener to the Prince of Wales at Sandringham, in a letter published on February 12, 1887, but what he had in mind was an orphange. This proposal found little support, but a fund for the orphans of gardeners was quickly approved.

Sun rises in the West for Japanese pots

Saleroom

JAPANESE works of art have never enjoyed the esteem in the West which has been showered on Chinese artefacts. This is mainly because the Chinese were producing impressive porcelain and bronzes for many centuries while the Japanese languished in feudal provincialism.

But the Japanese had their moments—it was, after all, Japanese Kakiemon porcelain, arriving through the Dutch merchants in the late 17th century which inspired Meissen—and their art is now much collected. Sotheby's and Christie's are both holding important auctions next week.

Apart from a few London dealers British buyers will be thin on the ground. But the Americans will be there in force, bidding for *netsuke* (the toggles that fixed purses to kimonos) and other decorative pieces, while the Japanese will be competing for swords, 19th century metalwork, and some of the later lacquers. There are also European collectors.

Prices have risen steadily in recent years, apart perhaps from bronzes and okimono, the larger ivory carvings. However a very fine example, of the latter, a figure of a mountain woman with her child, made for the Tokyo exhibition of 1880 and priced even then at over £100, should beat its £8,000 top estimate at Sotheby's.

To make things easier for their overseas customers both Sotheby's and Christie's now hold fewer but better and bigger auctions. They have managed next week to offer contrasting treasures—Christies being very strong in the early, 17th century, Kakiemon porcelain while Sotheby's has an impressive selection of Meiji, late 19th century, cloisonné enamels.

At Christie's the highest price, perhaps, £60,000, should be paid for a Kakiemon jar and cover in perfect condition. It is known as a "Hampton Court vase," since a similar example was included in the 1696 inventory of Hampton Court Palace. When Queen Mary went to Holland to meet her future husband, King William III, the only thing to take her fancy was these Kakiemon pots, which must have been the wonders of the age. She brought them back home with her.

There is also a royal connection to the next most important lot, a pair of seated tigers, made around 1680. They were sold by the Duchess of Kent in 1947 for £115 10s but are now valued at up to £25,000.

The Dutch, because their Calvinist principles made them half-hearted missionaries, were allowed to have a trading base in isolationist Japan. They gave the local Japanese factories models to copy, for sale back home. One was a drinking vessel in the shape of a Roistering Dutchman. Coloured examples of this jolly fellow are known — one sold at Christie's last November for £15,400 — but on Monday the saleroom is offering a version in blue and white. The only other known example is in the British Museum and a price of £25,000 is expected.

Sotheby's is not bereft of Kakiemon wares, and has its own menagerie, in particular a rare model of a karashishi, or Buddhist lion dog. Of late 17th century date it turned up at the Billingshurst auction room, and should make at least £20,000.

But Sotheby's strength is its Japanese export wares of two centuries later — the cloisonné enamels, in particular. Another discovery, this time during an advisory day at Sotheby's Stamford office, was a vase and cover by one of the big names in the field, Hayashi Kodenji. It was made for sale in Glasgow in 1911 and is one of the finest of its type: it should make £9,000 as against the £5 the vendor paid for it in a junk shop.

Another leading artist was Namikawa Sosuke and two pairs of very fine vases, one pair decorated with poppies, the other with moorhens and ducks, should find a new home at up to £10,000. One pair sold at Sotheby's Belgravia for £4,200 in 1982; the other has an excellent provenance — the diary of the vendor's grandmother records their purchase from the factory in 1891.

For the Japanese, with their strong yen, prices will seem very cheap. However they are selective buyers. One lot which may well return home is a copper gilt square plaque, decorated with the Buddha, which is dated to the Natra period, the 7th-8th centuries AD.

This was a time when Japan was much influenced by China, and it is possible that this very rare treasure was actually made in China. It came to the West recently but the Japanese regard it as an "Important Art Object" and should be keen to re-patriate it to a national museum, or one of the many private museums which rich Japanese love to develop. Its estimate at Christies of around £5,000 will be far exceeded.

Antony Thorncroft

A Kakiemon model of a karashishi, late 17th century

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London Property

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Converting houses is no longer a sure key to fortune, explains **John Brennan**

Why developers are not all tycoons

RESIDENTIAL developing is, as we all know, an alternative to work. Read the heavily advertised "make money in property" booklets and you'll find that anyone who has bought a house can do it. You merely find an increasingly popular area, buy a vacant property, and hire a builder. The banks will compete in their efforts to provide you with money. The estate agents do the selling. The obvious major problem is how to handle the success.

Attentive reading of the society magazines will help there, enabling you to use the right phrases when you turn up at the nearest hunt ball, poke your head in front of the camera, and make sure that you are captioned as someone "in property." After that it is on to the next house, establish a track-record, get a public quote for the company, get taken over, and retire to write your "how to make money in property" booklets.

Quite why everyone doesn't do it is one of the great mysteries of the age.

In setting out to unravel that mystery, a good starting point is with Central London agents W. A. Ellis, who explain how the entry fee for residential development has rocketed in the past few years.

"East of Gloucester Road," say the agents, "a good solid house capable of converting into six flats would now be worth not much less than £500,000."

Ellis reports that a single house for conversion in Beaufort Gardens, SW3, is currently on the market for £1m. And if that does seem a little rarified, reports from the property auctons confirm that vacant properties—even those in the least chic parts of the capital, and in quite a few inner provincial cities as well—now regularly sell at a significant premium to any objective open market valuations. That is, of course, why those properties end up in the auctions, so that they can draw bids from would-be residential developers in search of their stock in trade.

So many people have been drawn into the development game that, investing with hindsight, a vacant house in Kensington or Chelsea would have been a far better bet than almost any alternative you can think of, including completed flats and houses.

The finished article may have near doubled in value in the past four years. But that's nothing to the cost of the unfinished raw material in a proven, prime residential area. The price of a property for conversion has increased as much as six-fold in that same period.

An example reached the market a few weeks ago, when a pair of empty, unconverted, short-leasehold houses in Cranley Gardens, SW7, sold for just over £1m. Four years ago those self-same houses changed hands for around £180,000. And at that time it would have cost a similar amount again to win a long-term lease from the freeholder. Now, freeholders' managing agents drive increasingly hard bargains with developer buyers.

A short leasehold is of little value to someone contemplating raising finance for a major flat conversion where, for luxury apartments, the construction and fitting out costs now run to between £80 and £90 a sq ft—another £500,000 or so per five-or-six flat house. As a result, the freeholders' agents hold all the cards in negotiations for lease extensions, since any delay puts added pressure on the developer to agree terms before financing costs take all the profit out of the deal.

What is particularly disconcerting for developers is that they cannot gauge accurately the effect on their profit margins of these increases in raw material costs, because they are at the mercy of a housing market beyond any real forecasting horizon. Even the best prepared developer cannot know for certain what the market will be like 18 months or so in the future when the work is finished, and when the sales agents are crossing their fingers and hoping that everyone is in a buying mood.

If all is well in the market when the job is done, the extra costs can be passed on. If not, an over-stretched developer can easily be wiped out. It is a calculation, or a gamble, guaranteed to keep anyone of a nervous disposition awake at nights.

In the prime areas of central London's residential market we can, therefore, exclude from the lists of would-be developers anyone who isn't a relatively nerveless character, and anyone with less than a six-figure credit rating.

Outside the centre, and outside London, the entry fees are not so daunting, but the resale risks can be higher. Buying in an up-and-coming residential area too long before it ups and comes is a cash-stretched developer's nightmare.

The very first development carried out by the team who now run Residential Holdings was just such a loss-maker. The building work ended up costing more than expected, the selling prices of the area didn't rise fast enough to bridge the gap. Yet today, that private company provides a classic example of how misleading easy residential developing can seem to be on the surface.

Started in text-book style as a commercial extension of a joint hobby, and still directed and owned by Hon Edward Wood and Countess Nicola Mapelli Mozzi, Residential Holdings now has £40m of developments underway on 19 different sites. Just to complete the picture of ostensibly effortless success, it is less than seven years since they tackled their first house, and the company itself was only formed in 1984.

Was it really so simple?

Not really.

Neither Edward Wood nor Countess Mozzi admit to reading up the do-it-yourself developer manuals before getting into the business. Perhaps they should have, because they managed to lose what was at the time a dispiriting £1,600 on their first flat conversion. Later, they had to pick up the pieces when their builder went broke in the middle of one of their first big house conversion projects. They ended up having to directly employ the builders' men themselves, a problem that turned out well enough in the end since they still use those builders on smaller jobs. Nevertheless, the easy success story fails on a dozen other counts.

It is certainly true that their contacts with the estate agents who effectively control the supply of developable properties in London—as with local agents elsewhere in the country—have enabled the business to grow. Only those houses and sites that have been sized-up and rejected by the active developers tend to reach the open market, so acceptability on the agents' network is critical. But those contacts were only won by proving that the developing wasn't a hobby anymore.

Agents do not bring sites or potential schemes to developers for the fun of it. They normally do it so that they can get the selling instructions when the work is completed, so no agent is going to bring properties to the attention of a developer who turns out flats or houses that are a headache to sell.

The ability to attract suffcent private investors to finance each of the individual conversion projects has been another critical factor.

All their developments have been part-funded by outside investors, and it is only in the past year that Residential Holdings has gone into joint development schemes with other companies—with builders Harry Neal on their 76,000 sq ft, primarily commercial studio development at 111 Lots Road in Chelsea, and with Rush & Tompkins on the flats conversion of the old Hough Paper Mill in Narrow Street, Limehouse, in Docklands.

That joint-venture approach scales-down Residential Holdings "£40m of developments" to an understandable size given the age of the business. Those two big schemes in Chelsea and the docks account for fully half the total value of developments. And Edward Wood and the Countess have only recently been in a position to start undertaking developments without acting primarily as the working end of otherwise sleeping partnerships.

Since the sleepers invest a project at a time, and take their money when the scheme is completed and sold, the company is only just beginning to build up capital in its own right.

The efforts persuading investors to back developments would have run into a polite stone-wall without evidence of being able to make conversions pay. And while a raging bull market in residential property has hardly hindered growth, the fact that empty building costs have risen so much faster than flat sale prices means that even the bull market has been no guarantor of development profits. Without tight cost controls and a quality of property at the end of the process that keeps selling at a good price, the whole financial equation is too finely balanced to work

Two unsold flats in Residential Holdings' five flat development at 7 Wetherby Gardens, SW5, reflect both the standard of that work, and the fine balance on costs.

The flats are certainly not cheap. Selling through Savills (01-730 0822), the 125-year lease on a three-bedroom, 1,990 sq ft garden flat is priced at £485,000. For a second floor, two-bedroom flat with 1,294 sq ft of space the bill would come to £395,000.

Only by appreciating a little of the development process can one grasp how a Chelsea flat can possibly be brought to the market bearing the same price tag as a country estate.

Even before a builder appears on site, the current apportioned costs of just the shell of the garden flat would now leave little change out of a couple of hundred thousand pounds. Add on the reconstruction costs and all the fittings and finish of a luxury flat, and that basic cost near doubles. Take account of the professional costs incurred in a development—the architects' charges, the lawyers' fees and so forth—allow for financing costs, marketing costs, agency fees, investor partner's profits, and the gap between the asking price and the underlying costs of the space is nowhere near as wide as some might imagine.

While the size of the developer's eventual profit may not justify the background sob of a violin, neither is it likely to be so fat as to suggest that developing is a sure-fire way to make a fortune.

COT MANOR can fairly claim to be the most westerly Grade II house in England—walk quarter of a mile west of the house and you'd be in the Atlantic. A Tudor cottage gentrified by the Jacobeans and Georgians, and modernised by the present owners, the six-bedroom house on Cape Cornwall is a mile from St Just and a brief drive down the road to Penzance. The five-hour run by train to London can be a bit daunting, but the overnight sleeper service makes the trip considerably more comfortable, and the commercial airport at Newquay is an hour and a half's drive from the house.

Cot Manor has its fair share of Cornish smugglers' tales, including the saga of a rogue priest owner in the 18th century whose deathbed confession told of finding a belt of precious stones attached to the sole survivor of one of the regular shipwrecks. The priest admitted to keeping the belt and throwing the survivor back. James Scott at Humberts in Exeter (0392 513439) has a rather demanding asking price of £220,000 on the house, which stands in five and a half acres.

Rentals

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• PROPERTY •

Joanna Thorp in the show flat of Perlon Properties' development at 19 Green Street, London W1

The decorator's dilemma

Clients so often make the life of an interior designer far from easy, says John Brennan

"IT IS far easier to deal with a man at the end of a telephone than with a woman in her own house," Joanna Thorp of Thorp & May reflects upon the interior decorator's dilemma.

Private clients account for much of the interior designers' business, and there are, no doubt, quite a few individual homeowners who have clear ideas about what they want when they call in professional help. But mention "private client" in the hearing of designers when they are not on duty and the conversation inevitably turns to tales of customers' vague instructions, their perpetual changes of minds, and their tendency to neglect to put agreements in writing so that jobs run on endlessly while designer and client argue about details.

Developers looking for show flats, or residential funds needing flats prepared for renting, make far more business-like, if not always ideal, clients. "The designer is always the last person to be called in," says Thorp, "and it is always our budget that is the first to get cut."

Budgets to deck out a show flat can run to £25,000 or more these days as competition has forced developers to concentrate more on presentation in a market where there is a plentiful supply of luxury properties and increasingly selective buyers.

"People have so little imagination when they see bare rooms that it is necessary to show what a place can look like if it is to sell," says Thorp.

And to save stretching those limited imaginations too far, show flats go well beyond the fitted kitchens, bathrooms, rag-rolled walls, and curtaining of a few years ago. Most now include everything from paintings on the walls to all the furnishings, from appropriate magazines on the occasional tables to great clumps of dried flowers lounging decorously in antique vases.

Because of the cost of all this instant high life, the paintings and furniture, the knick-nacks and little *objets d'art* that are so carefully scattered through show flats stay in place only if a property is being bought fully fitted as an investment for rent. Otherwise, they head back to the stock room unless prospective buyers browsing through the flats take a fancy to the pieces and buy them individually. Look behind the surface in a show flat and you'll find discreet little price tags on all the bits and pieces. The flats have become sale rooms in exile for the designers' own antique businesses, or for associated businesses who allow their stock to become developers' props.

In deciding how to decorate and fit out property, Joanna Thorp explains that there is little real hope of being able to come up with a look that will appeal specifically to the people most likely to buy the place, since no one really knows who they will be. "The agents may have a general idea, but you really have to work around the building in each case. There is no set formula. You just cannot forecast your end-buyer."

Inevitably, the people who do end up buying don't always like the look of their new home. "We are very often called in to re-do a flat by someone who has just bought," says Thorp, "and that can be a bit hurtful. But it is usually that they don't like a particular colour or a particular fabric."

Thorp & May stick to a traditional English style ("that never really goes out of fashion") and in their latest job, the show flat of a Perlon Properties' five-apartment redevelopment at 19 Green Street, W1, there is the space to apply that style with effect.

There is also an evident need to be able to show viewers how these 883 to 2,002 sq ft, one-to-three-bedroom flats might look as completed Mayfair homes. Joint agents Beauchamp Estates (01-499 7722) and Savills (01-730 0822) are asking from £150,000 for a one-bedroom flat to £525,000 for the penthouse, yet the properties have Grosvenor Estate leaseholds with only 34 years to run.

The shortness of those leases does "wipe out interest from the Far East," admits Savills' Francis Hilton, "because they have first hand experience of short leaseholds inHong Kong, and so they prefer to look for 90 or 125-year leases." But since the Grosvenor Estate is always "open to conversations" about lease renewals, Hilton doesn't think that the lease terms will deter City buyers looking for a flat in the heart of the West End.

If the idea of getting your own property up to show flat standards appeals, it can be dauntingly expensive. According to Joanna Thorp, fitting out a small family house—down to the cutlery in the drawers and linen on the beds—would now cost at least £50,000. Doing the job on your own might well cost more, since professional decorators are able to bulk-buy carpets, tiles and all the standard elements of a refitting job.

Choosing a designer to make sense of your own random accumulation of room styles and decorative compromises can be difficult if you do not spend your time viewing the show flats. But there is a central register of professional interior designers held by The Chartered Society of Designers, at 29 Bedford Square, WC1.

More than 1,500 of the society's 8,000 members do interior work, and if you write in—or telephone (01-631 1510)—explaining the kind of project you have in mind, the society can provide the names of a number of designers who may be suitable.

London Property

Rentals

Overseas Property

Country Property

• TRAVEL •

Philip Coggan visits Gozo, Malta's little neighbour

Island haven for the jaded

OUTCROPS of rock, scattered carelessly like sandcastles built by a child on the beach, dominate the island of Gozo. The result is a plethora of panoramas. From my balcony in Xagbra I could see almost across the island, from the ancient Citadel to Marsalforn bay.

Nine miles long and less than five miles wide, nestling in the Mediterranean next to big brother Malta, Gozo has been passed around the conquerors of history like a titbit at a cocktail party. Neolithic men were the first to arrive, as witnessed by the temples of Ggantija—followed by Phoenicians, Greeks, Carthaginians, Romans, Vandals, Goths, Byzantines, Saracens, Normans, Aragonese, the Knights of St John, Turks, French and finally the British.

It is hardly surprising in the circumstances that the Gozitans are used to welcoming strangers. What is startling to the Briton is the affection with which the UK appears to be held. Everyone seems to speak some English, from the smallest child to the oldest peasant. While sitting in bars with names like the Glory of England (a very small establishment), one can look out at familiar red post and telephone boxes.

All this in a culture which has strong Arabic and Italian influences, as the Maltese language—which is a mixture of the two—testifies. The result is perfect for those who like to get away from Britain but who welcome the chance to meet people of a different culture without being stymied by a linguistic barrier. (The Maltese economy depended for many years on the British naval bases).

Many Gozitans have never visited Malta, which is a short ferry ride away, and our guide at Calypso's cave, a gnarled old man who bravely tried to communicate the mysteries of the labyrinth in halting English, sighed wistfully when we told him of our next destination, It-Tieqa (The Window). He had never been able to visit it, although it was only seven miles distant.

Not all the inhabitants are so unadventurous. Victor Borg, for example, is a one-man Gozo tourist industry. He is chairman of Gozo Holidays, owner of the Cornucopia Hotel, Gaza Garages and the Eclipse Restaurant. He is relaxed and smiling about it all, as well he might be.

If, like me, you are a potterer, Gozo is an ideal destination. The island is small enough to cover on foot but varied enough to provide an enormous range of activities. Recommended is a boat trip out with Frankie Magro to the island of Comino, which has Mendelssohn-style caves and crystal waters warm enough for me to venture into—in November. If you are extremely energetic, Frankie can also rent you snorkelling, water-skiing and windsurfing gear.

On land, the first priority is the Citadel in the island capital of Victoria, where the islanders used to retreat when invasion threatened. It did not always prove effective. In 1551 the fearsome Turkish corsair, Dragut, carried away the entire population into slavery.

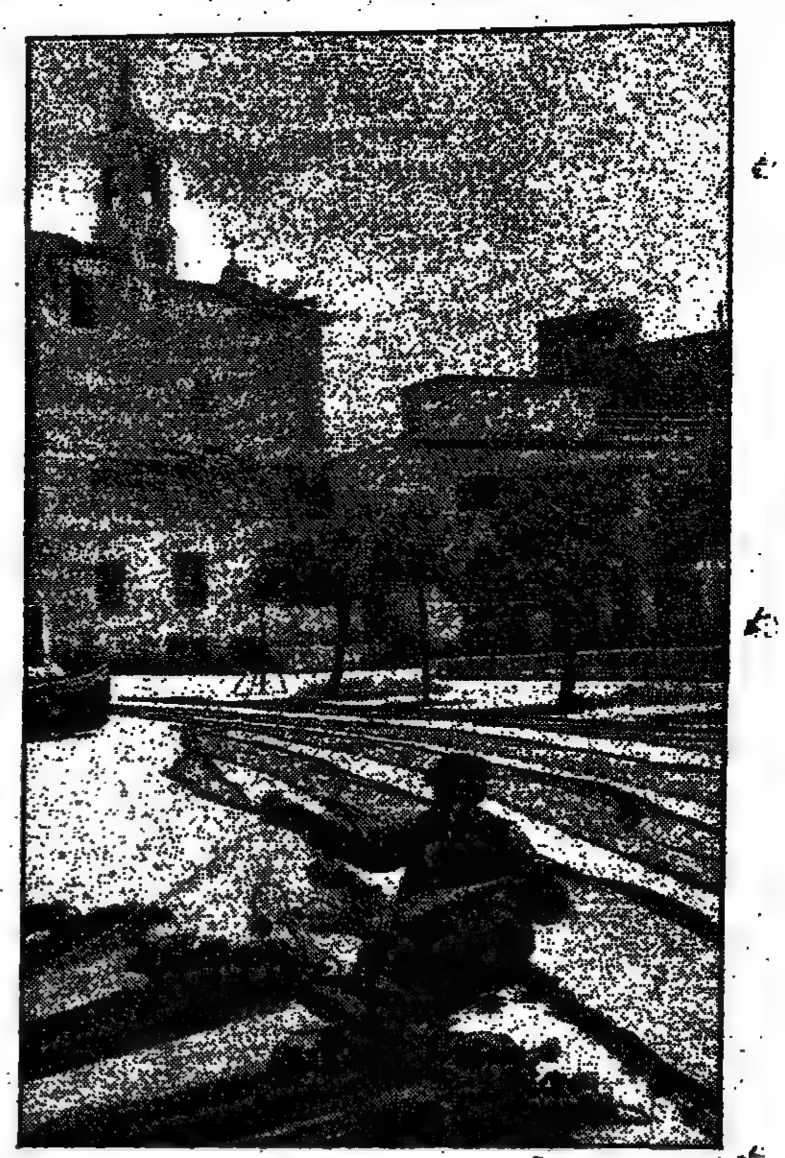
The cathedral and museums that remain reveal both the grinding drudgery of daily life over the centuries, as the inhabitants eked out a meagre living from barren rock, and the largesse that Gozitans were prepared to devote to their church. Gozo is very Catholic, with most houses named after a saint and few without an image of the Virgin Mary. The art is, accordingly, overwhelmingly religious.

On the west of the island is the modern and quite astonishing Ta Pinu church, rebuilt in tribute to the spiritual visions of a local field worker, Karmni Grima. A few miles beyond is The Window—a Roman arch carved by nature into the cliffs—and by it Fungus Rock, so called because of the shrub, supposed to be an effective remedy for dysentery, which grows there.

You can sit and sunbathe on the beach at Gozo, but it is not really that kind of place — much better to vegetate on a sunbed with a gin and tonic at one of the hotels. The Ta'Cenc is luxurious, and with its villa-style apartments will no doubt appeal to those with families, but the Cornucopia, a converted farmhouse, has more charm and better food. For those who like self-catering, the ubiquitous Mr Borg has a range of apartments.

It is an island to restore the jaded. Outside the Ta'Cenc you can sit in perfect peace, undisturbed by the sound of the internal combustion engine. Only the Neolithic cart-tracks betray man's interference with the landscape. Inside the hotel, Renault car dealers were contemplating their sales figures. It would be nice to think that the irony gave them a moment's pause.

● Travel details: By air from Gatwick or Heathrow to Malta, then ferry. Summer prices per person (from March 24): a week in the Cornucopia, from £238 to £295; Ta'Cenc, £304 to £425; self-catering, £195 to £261. All prices include flights, transfer from airport, and ferry. Hotel prices are based on two people sharing (half board). Summer prices are based on a night-time departure. Daytime: £10 supplement.



A fisherman repairs nets on Gozo

John Elliott looks at skiing in the Himalayas

Indian winters on the piste

ALMOST 9,000 ft up in the thickly wooded snow-covered Himalayan mountains of northern India, a ricketty wooden hut contains rows and rows of 400 sets of the most modern French Trappeur ski boots, Austrian Atomic skis, and Blizzard ski sticks, 4,000 in all and many as yet unused.

Together with helicopter passenger flights in a new British Westland 30 from the nearest airport at Srinagar, they mark the beginning of a major attempt by India to turn the tiny Kashmir valley of Gulmarg into Asia's premier ski resort in the 1990s.

There is even local talk of the valley, which is India's only commercially-operating ski resort, hosting the 1990 Asian Games' winter sports events. But this is an unrealistically early target because there is only one high-class hotel open in winter, four short nursery slope drag lifts, a temperamental chair lift, and access roads blocked by snow drifts and broken down Indian Army jeeps.

But while Gulmarg may not yet qualify for world events, it does provide a unique and extraordinarily cheap skiing holiday in some of the world's most magnificent unspoilt winter scenery, easily accessible from New Delhi if weather conditions permit.

At its nearest point the line of control between India and Pakistan is only 10 km away—this is part of the Kashmir territory long-disputed between the two countries. From the 9,165 ft top of the chair lift, where spicy chapathi (fried Indian bread), vegetable curry, and sweet coffee is sometimes served at lunchtime, the monumental 26,860 ft peak of Nanga Parbhat, the ninth highest mountain in the world, is visible through snow-flecked pine trees in a long white panorama of jagged ridges across the border.

In winter most of the handful of hotels are shut and the main accommodation, apart from some tourist bungalows and a couple of very cheap hotels, is the Highland Park Hotel, run by the locally important and friendly Nedou family, who sometimes boost the dinner menu with pheasant and duck from their shoots.

Apres-ski, unlike Europe, is limited to Kashmiri scented tea, hot punches and other drinks in the bar, a video and a tiny claustrophobic disco—or Mr Sultana, an ancient male masseur who costs about £2.50 a session and carries an old battered potion bag boasting that he, his father and grandfather, plied their trade here and in Srinagar "in British time."

Other retainers work as "ski" bearers. They keep themselves warm by carrying kangris—small clay-lined wicker baskets containing smouldering embers under thick local blanket-style cloaks. For about £1 a day they trudge behind you, carrying skis and bags and, for an extra fee, pull the very young and overweight on small sledges.

An old and sometimes erratic chair lift goes up to 9,165 ft from near the Highland Hotel, providing alternative runs down a gentle piste or a variety of more difficult wooded routes. At present, all pistes are made by squads of locals and soldiers tramping the snow with their skis, so the chairlift is sometimes out of action after a heavy snow fall.

Hydro power schemes are planned and companies from France, Austria and Switzerland are now tendering to design, equip and partially fund a £10m, 8 km cable car up to a summer trekking spot called Khilanmarg and a frozen lake at Alpather at 11,000-12,000 ft, which would dramatically enlarge the skiing potential.

Dr Farooq Abdullah, a former UK GP who is now Chief Minister of Kashmir, visited Gulmarg on Christmas Day (celebrated with roast local goose and a Father Christmas on a sledge). He is clearly determined to make Gulmarg an international ski resort within a few years.

He is backed by the Indian Government tourist authorities who want to attract skiiers from all over Asia, adding to the total of just over 1m visitors to India last year.

But everything in India takes longer to develop than originally planned, so there is still time to visit Gulmarg while it remains one of the world's most relaxing, unspoilt, uncrowded and cheapest, if sometimes unpredictable, skiing resorts.

● You get to Gulmarg on an Indian Airlines Airbus or Boeing 737 flight from Delhi. Then a one and a half hour ride in an old Indian Ambassador car up to the village of Tanmarg where you switch among some chaos into a jeep for the last 5 km grind up to Gulmarg—the entire road journey costing about £25 for one car and one jeep.

The Highland Park costs about £40-£50 full board for a double room with Western and Indian food at all meals but accommodation elsewhere can be as little as £2 night.

The hire of a set of all the European ski equipment, including new gloves and Carrera goggles, is only about £5.50 for five days. Ski instructors cost little more than £1 a day and lifts are £1.50 to £3 a day, depending where you go.

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• WEEKEND FT REPORT •

From a Wall Street guru

INTEREST RATES, THE MARKETS AND THE NEW FINANCIAL WORLD, by Dr Henry Kaufman. I. B. Tauris, $19.

SOME BACKGROUND on the author will help the reader appreciate this book. When Henry Kaufman fled Nazi persecution he took family memories of how hyperinflation had destroyed savings and uprooted middle class values—vital to stable democracy. In 1962 he joined Salomon Brothers from the New York Fed and has become Wall Street's principal guru, helping steer Salomons from bond house to investment bank.

Part one of the book dissects the terrifying deterioration in US balance sheets. Until the early 1980s, debt and income expanded roughly in line. Since then their ratio has shot up to a level which Federal Reserve Chairman Dr Volcker has described as "unusual except in highly disturbed economic circumstances—depressions, wars or major inflations."

In this essential book, Kaufman details the erosion of discipline. For example, floating-rate lending removes a key constraint—banks avoid a short-term loss when interest rates rise, the risk being passed to the borrower, but they accumulate the longer run risk of default by the borrower. Further, securitisation of debt tempts creditors, no longer tied for the life of a loan, to be less thorough with credit scrutiny.

Kaufman's description of this is acute, informed and depressing. Understandably, it is more pointed than his proposed remedies.

He also describes US financial deregulation and innovation, for example, how the division between commercial and investment banking is breaking down. A chapter on failed dogmas and beliefs highlights many short run untruths; but will "high interest rates discourage economic recovery" continue to prove false in the long run?

The second part of the book outlines the problems of forecasting interest rates; the maestro's account merits study. Kaufman's fame really comes from his pioneering application of the supply and demand for credit technique for interest rate forecasting. A forecast of the *supply of savings* in the economy is compared with a prediction of the demand for finance. If, for example, the former exceeds the latter, the bond market is forecast to rise and interest rates to fall.

The crucial section, pages 152 to 158, describes how Salomons has scrapped the method that brought *Kaufman fame*—how they have done a 180-degree turnabout. Kaufman states that Salomon's judgment about the trend of interest rates is now based on other considerations and that these then determine the configuration of their credit flow projections.

He gives three reasons: anticipation, deregulation, and international credit flows. I agree with the last—US analysis has definitely been too domestic, but the account of the first two seems muddled.

Kaufman argues that interest rates respond to *anticipated* credit flows; the changed cost of funds then makes actual flows differ. He also argues that, when squeezed, deregulated institutions no longer ration loans but bid for funds in the marketplace.

Those developments make it harder to apply Kaufman's technique, but they make the approach more important at the macro level. Equilibrium is reached through the price mechanism instead of constraints on supply; the objective is to forecast that price, namely interest rates.

Kaufman does, however, explain that Salomon now focuses on a more aggregated approach—the sum of the federal deficit, household net financial activity and the deficit for non-financial corporations. This is the UK approach, where paucity of data precludes more detailed analysis.

Kaufman's difficulties arose more because he attracted too many followers, expectations became dominated by his own methods, and who could then judge how far ahead events were being anticipated?

A final comment. During their working lifetime, people like Kaufman become part of the financial system, it becomes part of them and they come to revere it. Its misuse causes personal anguish, which is conveyed in Kaufman's writing. He should be read.

Gordon Pepper
Director & Senior Adviser, Midland Montagu.

Business Books


Tucker and Plummer: tax avoidance for the middle classes

A lesson from Rossminster

IN THE NAME OF CHARITY by Michael Gillard
Chatto and Windus, £14.95. 316 pages

PASSERS BY in London's North Audley and St George Streets during the early months of 1974 might have seen a curious sight. Queues of people, well heeled but anxious looking, were lining up on the stairs outside two sets of offices to wait on the services of two characters whose expertise had suddenly become in great demand.

Their fees were outrageously high, but they would take no more than about 20 per cent of your money. The alternative was to declare it to Labour Chancellor Denis Healey, who was after 98 per cent.

The exploits of Roy Tucker and Ronald Plummer, the men who brought tax avoidance to the middle classes, have now been catalogued in what is occasionally tedious detail by Michael Gillard. His book is a revealing account of what penal tax rates and high inflation can do to public morality.

Tucker and Plummer were the brains behind Rossminster, a group of companies which drew its name from the Scottish county of Ross and Cromarty—"anything to do with Scotland, like the Scottish Widows insurance company, has that image of little old ladies and their money"—and the equally reassuring National Westminster Bank.

Their period of success more or less coincided with the last Labour Government. Rossminster was formed in the second half of 1973, and invaded by armies of tax inspectors six years later. And what it had to offer was a series of off-the-peg *avoidance schemes which* attempted to deprive the Inland Revenue of up to £1bn.

By 1976, Gillard reports, tax avoidance was rapidly sweeping down from the very rich to permeate the entire business community as well as an increasing number of individuals who found the tax charge on their income and capital to be unacceptable. In the words of a former chairman of the Board of Inland Revenue, "Four fifths of the yield of capital gains tax was on inflationary, not real gains. This led a number of people to feel, well, that's unjust, I may as well administer my own justice and I'm entitled to be my own Chancellor of the Exchequer. The only way you could add to your capital assets in real terms *was to avoid the tax.*"

So it was that a large number of perfectly sane people were persuaded to take part in schemes of the most complex and artificial nature in an attempt to protect their wealth.

Much the same sort of thing was happening elsewhere. In the Lloyd's insurance market, for example, the combination of inflation, high tax and exchange controls gradually pushed back the boundaries of what was regarded as acceptable behaviour, to the point of large-scale fraud.

As it turned out, most of the tax avoiders were to fail in their *objectives. According to Gillard*, almost everyone who did business with Rossminster had found only an expensive way of deferring a tax bill which had eventually to be paid.

The reason was to be found in the changing attitudes of the judiciary. Lord Simon summed up the prevailing mood in 1974, when he argued that although it *might seem disagreeable* that some taxpayers should escape paying their fair share of the national burden, "it would be far more disagreeable to substitute the rule of caprice for that of law."

This rigid approach meant that as fast as the Chancellor bolted one stable door, ingenious tax experts would find a way *out through another.* But once tax avoidance shifted from the privileged few to become something like a national sport, the judges became a great deal sharper. In a series of decisions starting in 1981, they attacked schemes which had no commercial purpose apart from the avoidance of a liability to tax which, in the absence of a series of artificial manoeuvres, would otherwise have had to be paid.

The book is short on colour — not surprisingly, Tucker and Plummer refused to co-operate, and its author seems to take a gloomy view of the world. He mocks the Labour Party for its *apparent willingness to put the* clock back to 1974 in terms of higher taxes for the wealthy — "the kiss of life for which the next generation of Tuckers and Plummers is waiting." But he regards the Thatcher administration and its free market philosophy with at least as much distaste.

In the Name of Charity is still an important book to have been written. It points out that some of the most glaring loopholes are still in existence — such as the apparent inability of the Charity Commissioners to cope with abuses of the tax relief available to charities. It highlights the sterility of all the brainpower which went into the creation of Rossminster's tax avoidance schemes. And it makes clear that if the economic circumstances of the 1970s were to recur, the whole wasteful exercise would — one way or another — start up again.

Richard Lambert

High profits, good works

ENLIGHTEND ENTREPRENUERS, by Ian Cambell Bradley, Weidenfeld and Nicolson, £14,95, 207 pages

THIS BOOK celebrates the lives of ten men who are seen as the acceptable—even benign—face of Victorian capitalism bringing light to Blake's dark satanic mills and making a lot of money in the process. Some of them are household names, Cadbury, Rowntree, Carnegie, Jesse Boot, William Lever and one who isn't so well known outside his native Yorkshire. Titus Salt who conquered the wool industry, turned the growing town of Bradford into Woolopolis and built one of the first model villages for his workers long before Letchworth and Bournville.

The chapter on Salt is particularly apt. He was a man who shows all the contradictions of his breed—tough paternalism coupled with spurts of generosity, fivers handed out of his carriage to workers who had fallen on hard times while he rigorously opposed the abolition of child labour in the mills.

Salt was born in the little Yorkshire town of Morley in 1803 and wanted to be a doctor. He decided against when he cut his hand chopping wood and fainted at the sight of blood.

So he went into the wool trade. In 1834 he was in Liverpool docks looking for bargains. He spotted 300 evil-smelling bales lying neglected in a warehouse. It was alpaca from Peru *which he bought for 8d a pound*, wove into good cloth and made the West Riding into Woolopolis. Within five years the price of alpaca had risen to 30d a pound and Queen Victoria kept two alpaca goats in Windsor Park.

But Salt's monument was the creation of Saltaire, the little village a few miles from Bradford, built around a handsome Italian-style mill employing 3,000 workers snatched from the city slums and given homes, welfare and a reasonable life-style, but no pub (Salt was a strict teetotaller). He became a baronet and founded a textile empire.

But the irony is that the mill is now disused. All that remains is the "Salt's of Saltaire" trademark on cloth that is manufactured back in Bradford. Saltaire has become a tourist attraction, but it still hasn't got a pub.

All these victorian paternalists are fascinating. William Lever started by selling groceries on a small scale in Bolton, Lancs. He decided to go into soap exclusively at a time when the working class were actually getting facilities to wash. He created Sunlight, one of the first brand-named soaps, built Port Sunlight, became the first Lord Leverhulme and left a trail of philanthropy behind him on Merseyside which cannot be quite dead.

Jesse Boot, the herb-gatherer's son from Nottingham, came from the same mould. Building up 1,200 chemists' shops in the UK and overseas was achieved by a dedicated price war against the existing Victorian pharmacists. Boot took it seriously— "by Tuesday Jesse knew exactly how many rhubarb pills had been sold in Liverpool and how much gripe water remained on the shelves at Plymouth," But he made it his business to "save fallen employees who had succumbed to some vice."

Ian Campbell Bradley, who was a fellow of New College Oxford, then became a journalist and is now training for the Church of Scotland ministry, emphasises the religious connections of his entrepreneurs. Salt and Lever were Congregationalists, Rowntree and Cadbury were Quakers, for example. Jesse Boot was a *Methodist, but had a soft spot* for the Salvation Army.

Their philanthropy was indisputable. Bradley says: "The latter part of the nineteenth century was the golden age of philanthropy in Britain . . . There was a general expectation that those with wealth would give away substantial sums for philanthropic purposes and this was encouraged by low rates of direct taxation."

This is a book about Victorian values. Mrs Thatcher, Mr Lawson and Mr Tebbit should put it on their reading list.

Alan Forrest

WEEKEND FT REPORT

Walter Wriston . . . big intellect or big ego?

The wit and wisdom of Walter Wriston

RISK AND OTHER FOUR LETTER WORDS
by Walter R. Wriston
Harper and Row $19.95, 243 pages

WALTER WRISTON has a big reputation riding before him. As chairman of Citicorp, the US's largest banking group, his name was synonymous with all that was most ambitious and aggressive about American banking. He tilted at everything which he believed stood unreasonably in his way.

What was never clear about Wriston was whether he had a big intellect or just a big ego. The evidence from Citicorp itself seems to be that he drove it through sheer force of will rather than to any clear design. Since he retired two years ago, the huge empire he created has been struggling to make good the corners he cut in order to achieve a constant rise in profits. And the final judgment on the Wriston era cannot yet be made.

This book does however help one get a better measure of the man. It might best be subtitled "The wit and wisdom of Walter Wriston": it is a collection of chapters in which he discusses the themes that preoccupy him most in banking, government, economics and whatever else he believes relevant to political and commercial life. But if this is to be a guide to the quality of Wriston's intellect, then it might be better if he had held his peace.

The book is a tedious repetition of the broadsides which Wriston used at every opportunity to fire against (supposedly) unfair banking regulation, the folly of governments, the blindness of economists and the futility of official controls on anything at all. In Wriston's world, the goodies are markets (because they always sort out true values in the end), ordinary people (because they are being skinned by unfair banking regulations, foolish governments, etc), and bankers because they are trying to do a good job against overwhelming odds (at least in America).

To be fair to Wriston, his views often strike home with great accuracy, and he (or more likely the battalions of researchers he must have employed) has gone to great lengths to lard his theses with pithy quotes from Thomas Hobbes, Adam Smith, George Orwell and others too numerous to mention. But often Wriston's own quotes get a bit too pithy for comfort: "If you put a floor under wages and a ceiling over prices, a freeman cannot long stand erect."

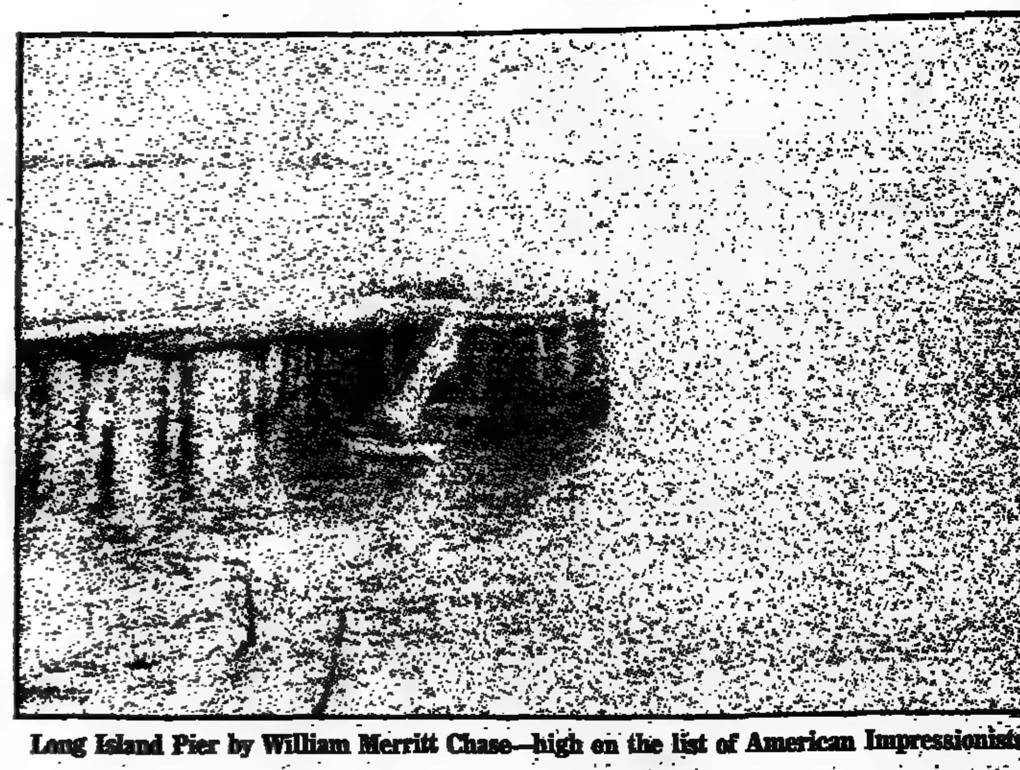
Predictability and trite embellishment might be excusable if one did not have the constant feeling that Wriston was trying to slip in little apologias for the conduct of bankers and particularly for Citicorp which set the pace in US banking for over a decade under his leadership.

Particularly questionable is a chapter on the Third World debt crisis confusingly entitled: "The great whale oil syndrome." Wriston describes the sharp rise in oil prices of the early 1970s and goes on to praise the banks' role in re-cycling the huge profits made by the oil producing countries and bringing about an economic adjustment which "became one of the most dramatic episodes in economic history."

What Wriston is less ready to claim credit for is the consequence of this recycling: namely, the huge build-up in Third World debt as banks fell over themselves to re-lend the oil money to developing nations. And the only reassurance he can offer is that countries, unlike companies, cannot go bust, with the rather spurious implication that somehow this means they will in the end repay their debts. Unbelievably, he ends the chapter with a quote from Benjamin Franklin: "Take care of the pence and the pounds will take care of themselves."

Even for the inexorbitant price of $19.95 the buyer of this book has a right to expect a more perceptive conclusion than that on what probably remains the greatest single banking issue of the day. But then this book does little to explain how Wriston came to be viewed as the great banking visionary of his day. He writes with conviction and humour, but little else.

David Lascelles



Long Island Pier by William Merritt Chase—high on the list of American Impressionists

Diamonds not forever but pictures prosper

THE SUCCESSFUL INVESTOR
by Robin Duthie Collins, £15, 244 pages

MOST BOOKS about investment tend to be dull. Either they are way above your head or they insult the intelligence of anyone with a little knowledge of the City. Even if they are worth reading, it is usually hard going with little to keep the reader entertained.

So it is a real pleasure to find an investment book that is beautifully illustrated, crammed with interesting facts and fascinating to read. The key to the difference lies in the subtitle to the book. It is not about successful investing in the normal sense—that is on the stock market. Instead it is a guide to art, gold, wine, antiques and a host of what are normally described as "alternative investments." Ironically with so many beautiful illustrations, one of the most interesting pages is right at the back—the investment performance table.

This claims that the most lucrative investment since 1975 has been American coins, followed by vintage claret, American Impressionists, vintage port and finally at number nine spot, the FT 30 Share Index (with net income reinvested). Diamonds, incidentally, come bottom of the list suggesting that a girl should ask her best friend to give her something like old coins or vintage wines instead.

Comparisons of this sort are always open to interpretation. A fuller explanation is needed on how the comparative indices were compiled if the findings are to have much credibility. There are several other unanswered questions. Why was 1975 chosen as a base year (though in fact that should have worked in favour of the stock market moving up from a low point)? What account was taken of the currency changes? Are the different buying and selling costs properly taken into account?

The experts may be able to assess the value of a particular object, and know where to buy and sell at the right market prices. But is it really practical for the man in the street to become involved with subjects he knows nothing about and where he has to rely on the advice and trust of others? It is an area where "insider" trading, and unscrupulous dealers preying on the ignorance of the general public in touting all kinds of different wares at inflated prices, is far more prevalent than any scandals in the stock markets.

With inflation apparently under control in the industrialised world at least, and the stock markets continuing to surge ahead, profitable dealing in shares is still favoured than gambling in alternative investments. Nevertheless it is fascinating to go through the list and read the individual chapters on each sector—art, furniture, silver, porcelain, stamps, wine and books.

You can pick up a great deal of knowledge on esoteric subjects like these in a very short time from an author who seems to write with considerable authority, certainly as far as the layman is concerned.

Ignore the main title and buy the book. It will certainly brighten up anyone's shelf of dusty, little read, financial books and will even compete on the coffee table.

John Edwards

Debts and the Third World

PASSING THE BUCK. BANKS, GOVERNMENTS AND THIRD WORLD DEBT
by Philip A. Wellons. Harvard Business School Press. $24.95, 342 pages

THE FREEWHEELING dealmakers who racked up banks' huge exposure to the Third World have long ago moved on to other markets, or been replaced in the pages of bankers' magazines by other highfliers making other types of deals.

But the mess remains. In fact, it is getting messier, as Brazil's recent suspension of interest payments on $68bn of debt demonstrates. More than four years after Mexico went broke in 1982, attempts to stem bank losses with patched-together solutions continue.

The question of who will take the lead in patching up the problem caused by Brazil's moratorium remains unclear, and is of vital importance. It cannot be the International Monetary Fund, since Brazil rejects it, it cannot be the big banks by themselves, because they have few cards to play. It could be—unprecedently—the World Bank. But more likely, the US Government will charge in and knock everybody's heads together.

The publication of Mr Wellons' book is thus more timely than he perhaps expected.

"Passing the Buck" is an analysis of who was responsible for getting us all into this mess, and for attempting to get us out of it. As the title implies, he argues that no one group was, and that somebody should have been. "People who set public policy need to give a direction to international credit that has been lacking so far."

Like many who lived in the Third World in the 1970s, the author was struck by the extraordinary lending policies of international banks. Zaire was known to be corrupt and undisciplined, but received millions of dollars in loans. When it inevitably failed to service them, Mr Wellons asked himself whether a reason for the bankers' apparently inexplicable behaviour was that they were gambling on the US Government's interests in Zaire.

This personal note is the prelude to what is primarily an academic study of bank-government relations. Wellons rejects the extreme views that banks were strong, independent forces acting transnationally without regard to domestic concerns, and that they were merely the puppets of imperialist governments. Instead, he finds strong links between banks' international activities and their home environments and governments. These links, he says, fuelled the growth of credit to the third world and influenced the reaction to the eventual crisis.

That banks' actions should be related to their home base is scarcely a surprising argument, particularly in the world of trade finance, from which Wellons draws his most extensive example. It seems natural that governments should seek domestic political advantage by fostering packages where the bid price for a contract is directly linked to and aided by concessionary trade finance. This mutual buck-passing from borrower/buyer to contractor/financier to government tended to override basic considerations such as whether the project—in the example chosen, a huge Mexican steel complex—has any chance of economic viability.

When Wellons attempts to draw similar links governing other lending, and the regulatory and economic conditions through which industrialised governments effectively encouraged international lending by their banks, he seems to overstate his case that economic nationalism in banks' home countries always rules. His detailed analysis predictably finds many differences between the Group of Five countries he examines. Although he finds banks acting similarly within national groups, he also finds transnational similarities between them.

He does nicely illustrate, however, the phenomenon of "euphoria" in bank lending—doing it because everybody else is doing it—and the role of leadership without responsibility assumed by the biggest banks which led hundreds of others into Euroloan syndicates.

Perhaps least surprising in Mr Wellons' thesis is that when the crunch came, domestic governments in industrialised countries took on an even more prominent role. Where else, after all, could the lending banks turn to help them sort out the mess? If they had lent on the assumption that they would indeed be helped out at home, that assumption proved correct. But this result is not concerted leadership from Group of Five governments, but a case-by-case muddling through. Many would agree with Mr Wellons that in this crisis, the buck will eventually have to stop.

Alexander Nicoll

WEEKEND FT REPORT

Why they're in the top ten

The top ten from left to right—Hogg, Walters, Edwardes, Harvey-Jones, Grinstead, Marshall, Holdsworth, Plastow, Egan, Giordano.

THE NEW ELITE
by Berry Ritchie and Walter Goldsmith
Weidenfeld and Nicolson, £10.95, 186 pages

IT IS a widely held view that Britain's industrial decline is largely due to the low esteem in which industry is held by the nation's most able young people. If the talent has disappeared into the professions, the media or the Civil Service, industry is going to find it hard to obtain leadership of the highest quality.

Perhaps it is significant that of this selection of ten "top chief executives" only one, Sir *Christopher Hogg of Courtaulds*, enjoyed the kind of privileged education (Marlborough and Oxford) which is common elsewhere among Britain's ruling classes. Even he declined to enter industry when young, in spite of two job offers from ICI, preferring merchant banking and a stint at the Industrial Reorganisation Corporation before entering Courtaulds at a high level.

Only one, Sir Peter Walters of BP, succeeded in working his way to the top inside a single company from the graduate recruitment stage, which may say something about how inadequately British industry selects its future leaders. Alternatively, of course, it may only indicate that the chief executive of major companies are rather unusual people.

But since Berry Ritchie and Walter Goldsmith do not make it entirely clear how they have chosen their ten (Sir Michael Edwardes but not Sir Ian MacGregor, Sir John Harvey-Jones *but not Paul Girolami, Sir Stanley* Grinstead but not Tiny Rowland) it is hard to draw general conclusions.

A journalist's view might be that the choice depended at least partly on which candidates agreed to grant interviews at the time dictated by the publishing schedule.

The authors put forward the proposition that there *is a new* breed of chief executive that has been called upon to assert decisive leadership during the early 1980s, a time of severe agony for British industry. They focus on manufacturing industry (though they to some extent confuse this by including Colin Marshall of British Airways) and they claim to define the formula for success evolved by their so-called "new elite."

Or perhaps not. Ritchie and Goldsmith admit that they cannot arrive at objective conclusions, and that the one lesson which emerges from their researches is that in the end it is the individual who matters.

Yet although this is inevitably a formula book produced at a fairly superficial level, the profiles of the 10 subjects are crisply written, to a concise length which matches the material they contain, without any padding.

The "elite" provide a good deal of wisdom about the changes in British industry. Sir Stanley Grinstead of Grand Metropolitan offers a reminder of the mad world of the 1970s, when under the prices and incomes policy companies were encouraged to inflate costs to justify price rises.

Sir Trevor Holdsworth of GKN decided that the company should focus on motor components, but then found he had to follow the motor industry abroad. Sir Christopher Hogg kept a list in his desk drawer of all redundancy announcements; it ran to 23 pages, covered 400 deals and reflected more than 56,000 lost jobs.

In the late 1980s, however, prosperity is back. The elite certainly appear to be comfortably off, with average salaries of around £200,000 a year. Moreover, their shares and options average at least £500,000 a head.

Sir David Plastow of Vickers defends the principle of payment by results (in his case according to an earnings per share-related formula) but confesses to being a "little uncomfortable" about the large size of his bonus.

Yet Sir John Egan of Jaguar is not in the least ashamed, and asserts that the chief executives of major companies need to be paid so highly that they become the wealthiest people in the land, so that the best talent is attracted into wealth creation.

And with knighthoods sported by eight of the nine Britons on the list (the 10th is the American Richard Giordano of BOC) the status rewards of industry do not seem to be too niggardly these days either.

Barry Riley

Ivan Boesky . . . Moriarty figure

Takeovers

As the City tumbrils keep rolling

THE ACQUISITIVE STREAK, by Christine Moir. Hutchinson Business: £6.95 (paper) 163 pages.

THE THEORY of takeovers enshrined in *The Acquisitive Streak* is one of giantism motivated by greed. The greed is that of acquiring managements, of their advisers, and of short-term speculators. Christine Moir sees takeover booms as phenomena that come into being when greed-driven bull markets lose contact with reality.

Her book is readably populated with *raffish buccaneers*, able but unscrupulous merchant bankers, and institutional investors who spare no thought for anything beyond the next quarter's performance table. The view may be inspired by Hieronymus Bosch, but there is much to be said for it.

It is, however, the misfortune of this book to have gone to press just *before the double* explosion of Boesky and Guinness. Since the vision is one of cupidity run mad, to the point where sense is left behind while the rules are bent—and also, at times, the law—it is a pity that the right people and incidents did not properly emerge in time to make the myth. With benefit of a Moriarty-like villain (Ivan Boesky), a tragic corporate hero (Ernest Saunders), and those Luciferian figures at Morgan Grenfell, Miss Moir would have been able to dramatise her story to still more telling effect.

If fate had come through with these facts in time for the publisher's deadline, it seems that in all probability *The Acquisitive Streak* would have given a yet *more lurid impression of the* takeover scene. And even as the City tumbrils roll, that seems unfair to the broad sweep of takeover history. For while the book is racy in characterisation, the economic and financial analysis is somewhat narrow in *focus*.

Take one of the mainsprings of takeover activity, namely the sudden accessibility of debt finance—specifically junk bonds—to entrepreneurs. The issuance of junk bonds is dismissed in half a page as a "controversial tactic." But without some such type of finance, enabling relatively small-time operators to gear up on the assets of large and previously sleepy companies which they did not yet own, the latest US takeover boom might never have got off the ground.

No question, an atmosphere of excess had developed, even before the law started to catch up with insiders and stock-manipulators. In London, more than New York, it could be argued by, say, the end of 1985 that many bids were being aimed at assets that had ceased to be cheap. There is, in New York more than in London, evidence that the earlier leveraged takeovers (and buyouts) are starting to fall apart through an over-optimistic assessment of underlying worth.

There would, more fundamentally, have been no motivation for the development of this market in takeover debt had there not been a supply of undervalued corporate assets on which to prey. Judged by the replacement value of their assets, an enormous number of companies have been extremely cheap fodder for anybody with a financial can-opener. Greed and power-mania certainly play a part—there must be an acquisitive streak in the psychology of any takeover artist—but there has also been a yawning gulf between the low price of assets and their real economic value. Enter the raiders.

The sheer size of the latest bids has combined with scandal to put the idea of a market in companies under question. For its choice of target, this book scores full marks.

Jeremy Stone

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, applications should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4P 4BY—Telephone: 01-248 8000. Ext 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

Lucia van der Post

From clothes to tights to fabrics . . . how to succeed in business by really trying

Three women with the Midas touch

Sophie Mirman, a finalist for the Veuve Cliquot Businesswoman of the Year award, at the opening of her 43rd shop

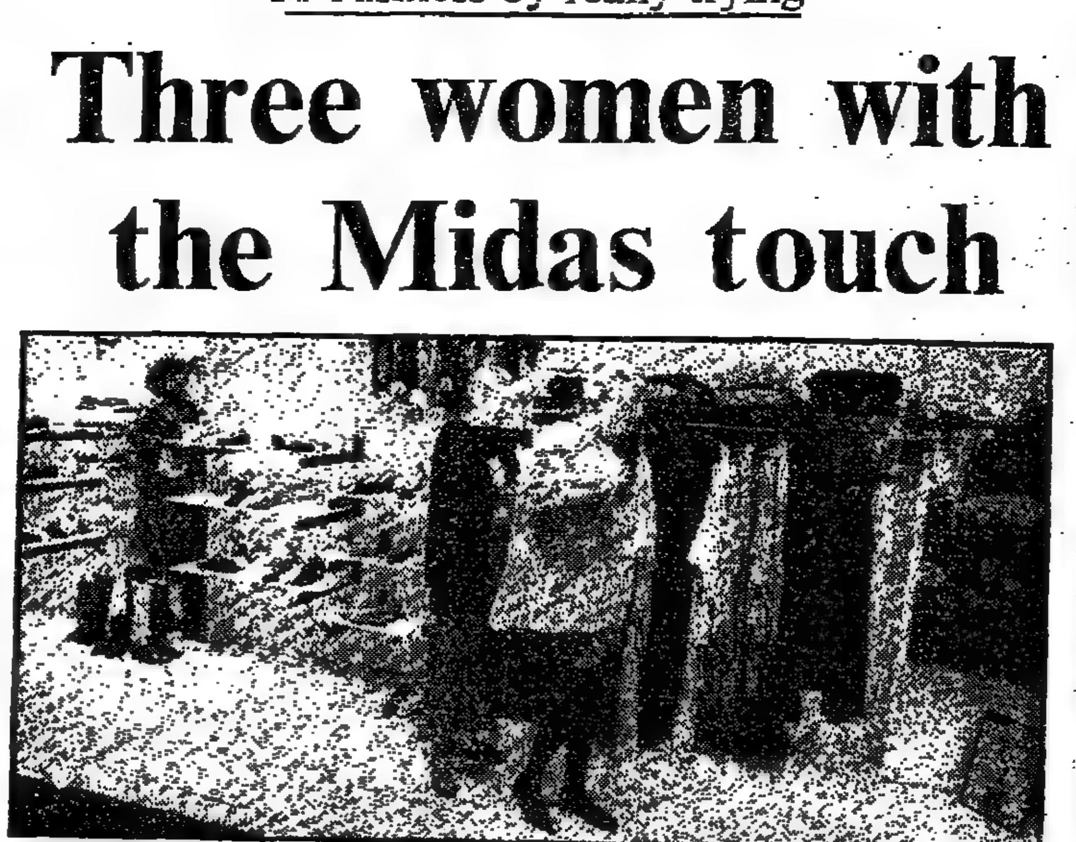
Cashing in on a cult

WHEN Marilyn Anselm opened her first shop back in 1970 she did it for the simplest of all reasons—"I wanted to make money. My husband was working with computers, which he hated, and I hit on the notion of opening a shop so that he could do something he liked. I now think that's the best discipline there is. I had to be very strict with myself and with the buying."

She must have got something right because today her small but growing chain has a strong cult following among discerning dressers. In London and Bath and Manchester, in Croydon, Guildford and Richmond, Hobbs fans snap up this season's perfect sweater, the toning skirt (in two different lengths), the boots (ankle-length or knee-high), the belt—and all at a price that wouldn't buy you one designer number in a smart store. It's the nearest British equivalent to Paris' ineffable Agnes B.

The look Hobbs purveys is timeless, classic, English, yet far from dull. The name (which Marilyn Anselm found in Horse and Hound) says it all. You will find no pyrotechnics at Hobbs. No chainmail rompers, or sock-it-to-them colours. Instead there are soft jerseys, fine gaberdines, pure cotton classic colours like navy, cream, taupe and grey. They are clothes to suit anyone from 15 to 70.

Though the basis of the look is classic — with skirts and trousers, shirts and tops, all just somehow slightly adapted to suit the seaton's look — there is always a selection of what Marilyn Anselm calls clothes for fun.



Hobbs: from jacket to shirt to skirt to belt and shoes, one strictly edited concept

This spring, for instance, there is a range of looks to choose from. There's a gaberdine Edwardian jacket that could be worn with a long Edwardian skirt, or with a skirt that sits just below the knee. But lurking among the classic tops is a *bustier* which gives the whole thing quite a different air — insouciant young, up-to-the minute. Nearby there will be some leggings. Each and every customer can put the whole look together in a totally individual way.

The final finishing touch is that nearby, too, there will always be the shoe or the boot that works with that season's clothes—there, under one roof, the fashion-conscious with little time or a less-than-sure eye can come away with a total look.

The whole venture is now clearly completely vertically integrated that is, Marilyn controls everything from the design through the manufacturing and onto the retailing). When she started Marilyn had to sell what she could find. Today 95 per cent of what she sells is designed completely by her and made for her to her own very strict briefs by a small band of loyal manufacturers. From small factories from the North of England to shoemakers in Rimini come the sweaters, the shirts, the tailoring, the shoes—only the belts and the bags are still bought in today.

It is the vertical integration that is the secret of the prices—shoes are seldom more than £40 a pair, sweaters hover around £40 (for pure wool) and the most expensive item in the shop is about £130 (for a detailed pure gaberdine fitted peplum jacket and a wonderful double oilskin mac).

Today Marilyn Anselm and her husband Yoram (he who didn't like computing) still own and run the group themselves. They've had lots of takeover offers but they've still a long way to grow yet. Hers is the personal taste and aesthetic sense behind it all—she provides the strictly edited concept, the totally integrated look. He offers the financials and managerial skills. Between them they own ten shops; they see themselves opening about five or six more (two open soon in Kensington and Kingston) and then the way to further expansion probably lies in mail order.

'It's hard to see where it will all stop, for this one woman's personal taste and style seem to offer to so many others exactly what they always wanted and thought they could never find.

Marilyn Anselm in this season's new, shorter skirt

Putting best feet first

WATCHING a smiling Sophie Mirman at the opening of her 43rd Sock Shop last week, it was hard to believe that just four years ago she (and her husband and partner, Richard Ross) were so desperate for finance that they were offering up to 49 per cent of the equity in their proposed new business for just £45,000.

"Luckily," says Sophie, "we found no takers. This meant we had to find the cash on our own — we got it from a government loan scheme — and so today we still own 100 per cent of the business."

As last year's turnover was more than £6m (with profits of about £750,000), and this year they expect to double both, it has turned out to be a bit of bad fortune that will have saved them millions.

"We started the Sock Shop because we had this clear idea that it ought to be much, much easier for people to buy tights. Socks and tights are an everyday item and yet to get a decent selection or to find a particular shade women had to make a special journey to a big department store.

"We had been with the Tie Rack, which we had helped get off the ground, had seen similar concepts work in the States and were convinced from the start that it would work.

"We thought that if it didn't work one of us would have to get a job — whoever could find one first would take it. We thought that if it became very successful we'd have a chain of four shops. If exceptionally successful, we might even go up to six shops.

"We started our first one in Knightsbridge Underground station. We manned it ourselves, my bicycle was chained outside and if I sold more than half a dozen pairs of anything I'd have to cycle off to the wholesalers to buy some more.

"We were lucky — it worked from day one. In fact our biggest worry turned out not to be lack of sales but how to work the till. Neither of us knew how.

"We soon expanded to more shops in underground stations but we had to work terribly long hours. We ran the shops ourselves, ordered the stock and delivered it ourselves. We used to have to check at the end of the day what had sold, go round to the warehouse and parcel it up and deliver it to the shops before they opened the next morning. At weekends we did the books.

"Now we have a fleet of four vans and 40 people in the stockroom.

"To stock the original shops I just had to buy what was available but now with 43 shops and more opening all the time we have much more buying power and about 70 per cent of what we sell is exclusive, made to our specifications. It is also our buying power that enables us to keep prices down.

"Many of the tights we stock — like our plain cotton ones at £5.95 which are currently so fashionable — could only otherwise be found in a very few, exclusive outlets at much higher prices.

"When we came into the market it was very dull. I'm still amazed at how unenterprising most of the manufacturers are. Few contacted us to ask if they could supply us and do something special for us. If we ask them they murmur that they've never done and they don't think they can do it.

"Now that we've got a small daughter I've seen how dull most children's socks are and I've produced a range of special ones in pure cotton for children.

"Today I run the design and merchandise side, while Richard, who is an accountant, is in charge of the property—we are always looking for new sites; we think probably our optimum size is somewhere between 150 and 200 shops. He also deals with all the financial side, and we both look after the personnel side.

"To anybody who wants to do something similar, the chief thing I have to say is: it's hard, hard work, but if it works it's very well worth it."

Jane Churchill with her own collection of carefully co-ordinated fabrics and wallpapers

Churchill's England

IN YOU don't live in London, Kingston or Bath, it is still just possible that you might not have heard of Jane Churchill. But if you haven't, I can guarantee it won't be for long.

Jane Churchill (the company) was started just four years ago and, like the two other ventures I have looked at here, was a wow from the start. The concept, like all the best ones, looks so simple in retrospect—to provide a traditional, gentle, English country house look at very accessible prices.

It was to be more "upmarket," if you like, than Laura Ashley — more sophisticated, less rustic and less artless—yet nothing like so grand as, say, Colefax and Fowler.

It was to be traditional in the sense of combining easily and well with the things that most people already had, and yet it had to look fresher, less dowdy, more contemporary than authentically traditional fabrics and papers. It was a gap that nobody else had filled properly.

Although Erik Karlsen, a South African with experience in the retail field, and designer Robert Adamson had the original concept, they felt it could not be made to work without somebody like Jane Churchill who knew the mraket inside out and had an established interior design business on which they could build.

She quickly became enthused and the three of them raised the money (mainly from friends) to start the business. From start to finalised wallpapers and fabrics, and the opening of the shop, took just six months.

In April, 1983, Jane Churchill opened in Pimlico Road, south-west London, with a complete range of fresh, usable, inter-related fabrics and wallpapers at astonishingly reasonable prices. Fabrics started at £7.95 and went up to £9.95 (this for polished cotton is quite something) while wallpapers all sold (and still do) for just £6.50 a roll. Prices were marginally higher than Laura Ashley but the look was a lot more exclusive.

Its chief charms to those, like me, who bought it, were that it had that matchless way of looking unforced and "undesignery"; and that, because they had concentrated on a limited range of colours, there was, within each colour range, a vast choice of co-ordinating borders; papers and fabrics. It could hardly have been easier for the would-be decorator to use the collection to create a very individual look.

The first day was an anxious business—nobody came through the door at all except a friend with a bottle of champagne to check the till. It hadn't been opened all day! From the second day, however, it began to take off; and since then the shop has been moved to 137, Sloane Street, a much more convenient and accessible address, and new shops have opened in Bath and Kingston.

The range has been expanded so that, today, a much more complete range of furnishings can be bought—all in the same fresh, country, pretty mood. There are lampshades and bed linen, sofas and chairs, coffee tables and console tables—all designed to fit in with the things that people already own.

Prices are still good (fabrics and wallpaper prices remain unchanged) and, for the moment, the plans are to increase steadily the product range and to open more shops, with an optimum number of somewhere between 50 and 60.

The concept will remain strongly focused and unchanged—the Jane Churchill image has found a niche and intends to stick with it.

Food for Thought

Remember your roots

ARE YOUR thoughts running ahead of you into the spring? As you leaf through those cross-Channel timetables again and spring seems always just around the corner, you might be tempted to think about spring and summer foods. Think about them, yes, but remember your roots.

Eating roots in winter seems a primitive and humble thing to do. It might make you feel at best like a medieval peasant, at worst like a hibernating badger. "Grubbing for roots," and "rotling" have a primitive-sustenance sound about them, quite unlike any other kind of food-getting.

Potatoes apart—and I have grumbled on about potatoes before on this page—I suspect that most people can manage very nicely without much in the way of roots. We eat quite a lot of carrots, which seem to be the first thing that most of us think to plant in the kitchen garden. But then, they look so pretty growing with their great feathery spray of leaves. And apart from radishes which are toy food, anyway, there is nothing else quite so good to pull out of the ground and eat like confectionery as you stroll round the garden.

But talk of root vegetables and the heart sinks at the monotonous race of swedes, turnips, beets, yams and the dreaded parsnip. Some people are so fond of the taste of parsnips, of their gross and insufferable sweetness, that they make parsnip wine to bring the presence of this detestable root to the cocktail cabinet.

"Fine words butter no parsnips." Couldn't agree more, waste of butter as far as I am concerned. The French, who know a thing or two, haven't acquired the habit of eating parsnips and I don't think many other nations have. In fact, there is a strain of little-Englander patriotism in the whole business of liking parsnips and making wine out of them and so on.

Similarly, patriotic Scots trumpet their liking for swedes which, as "bashed neeps," are the correct accompaniment to haggis. The rest of the world (except the dedicated team who prepared my school dinners) regards the swede as winter animal fodder.

The flavours of root vegetables may all be fairly similar but they are not the same, and there is pleasure to be had by serving them together and encouraging a bit of detective work.

Carrots will always assert [illegible] if only because of their unmistakeable colour, but a jumble of cooked roots—potato, turnip, jerusalem artichoke, celeriac—will provide a hotch-potch where everything looks roughly similar but every mouthful tastes surprisingly different from its neighbour.

This game of "guess the flavour" appeals to those restaurateurs who like to give you a puree or a custard or even a souffle with one of these flavours—always so familiar when the great steaming root is dumped onto your plate, so infuriatingly difficult to pin down without a visual clue.

Beetroot is another thing, it is quite difficult to buy uncooked, and when sold cooked it is almost always drenched with vinegar. A Martian visiting these islands might well believe that beetroot—like cockles and winkles—comes into the world tasting of vinegar. Why it should be assumed that people who like beetroot also like vinegar is a mystery.

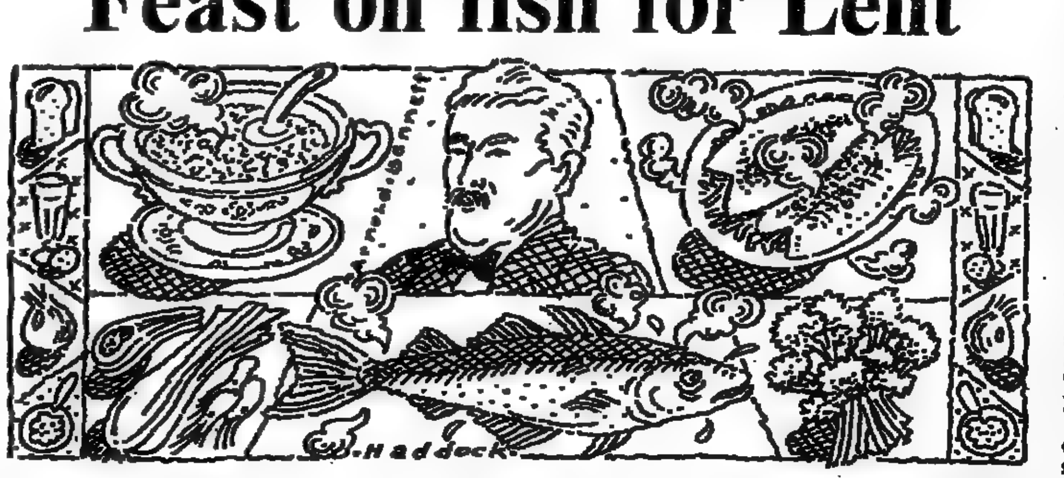
Served on its own, boiled till tender and chopped up with a mustardy salad dressing while still warm, beetroot can be exceptionally fine: the nicest root of all.

Beetroot is nice but very assertive—its purplish stain will dye anything that accompanies it. This is not, however, the reason for the "Beware—dangerous beetroot" signs which are such a mirth-provoking feature of minor roads in northern France. Squashed beetroot on the road is as bad as black ice.

Peter Fort

Cookery

Feast on fish for Lent



AS LENT begins, my thoughts turn to fish—not penitentially but with pleasure. It is good to discover how much easier it is now than 12 months ago to buy smoked haddock on the bone; so much juicier than fish that has been filleted before smoking. And it is encouraging to see that more and more smoked haddock now is the pale straw colour naturally acquired in smoking. Dayglo yellow dyes are on the wane.

I am glad too to find that smoked trout is available once again. It never disappeared completely of course but for many years it seemed almost invisible under the blizzards of enthusiasm for smoked mackerel.

Trout is a superior fish, delicate in flavour and texture; smoked mackerel is oily and coarse by comparison. The smoked trout on sale now doesn't seem quite as good as it used to be. Maybe my memory plays false, maybe it is fact. It is certainly true that today's smoked trout is likely to be a farmed rainbow, whereas the fish of yesteryear probably lived in the wild.

Smoked haddock and trout both make good little lunch dishes which seem particularly appropriate at this curious time of year when the weather can change in the course of one morning from spring to winter and back to spring again with alternating flurries of snow and warm sunshine.

Smoked trout always looks appetising served on a close carpet of watercress. For a minor variation on the theme I sometimes replace the watercress with lambs' lettuce or set the fish in a sea of thinly sliced courgettes. Courgettes are a much better buy than cucumber at present and they taste particularly good if some of their moisture is drawn off before serving. Sprinkle the thin slices with a little salt, sugar and tarragon vinegar and leave for 30-45 minutes before draining and patting dry.

The fish should be brought to table ready prepared for lazy eating—skinned, filleted and neatly reassembled in the kitchen as close as possible to serving time.

There should be plenty of good brown bread of course, sliced very thinly and spread with creamy butter, and a bowl of soured cream or Greek yoghurt into which a little Dijon mustard or freshly grated horseradish has been stirred for extra bite.

If the weather plays foul I would precede the trout with pure chicken broth, served piping hot in delicate china soup cups and saucers. For fairer weather I might choose instead tall invigorating glasses of freshly-squeezed blood orange juice.

Smoked haddock is less usual for a salad but every bit as good. Poach the fish, flake it and lay it on a generous bed of grilled and skinned strips of red pepper. Dress fish and pepper with plenty of good olive oil and coarsely ground black pepper, just a little salt and a hint of lemon juice. Leave to marinate for several hours before draining and serving.

I like to accompany this with a big bowl of crisp watercress and lots of crusty bread (French or soda) that has been warmed in the oven. If I am feeling particularly greedy there might be a bowl of light mayonnaise as well—I mean rich home-made mayonnaise lightened by beating in some soured cream or yoghurt.

As for hot smoked haddock luncheon dishes, I am very fond of Haddie and Eggs (smoked haddock topped with poached eggs) which is really a Scottish high tea dish I suppose.

I love too what I call smoked haddock Florentine, but which is only Florentine in as much as the poached fish is laid on a bed of fresh steamed spinach. Instead of the usual blanket of cheesy sauce I cover the pair with Hollandaise. Rich and delicious.

Omelette Arnold Bennett is another good lunch dish, gratifyingly quick to make and the best way I know of using up a very small quantity of leftover cooked fish. Just three or four tablespoons of flaked fish are enough for two people.

Warm the fish gently in a generous nugget of melted butter. Add it to four lightly beaten eggs, together with some coarsely ground black pepper, a tablespoon of freshly grated Parmesan cheese and a pinch of salt if needed. Turn the mixture into a hot buttery omelette pan and cook in the usual way until the egg is set underneath but still liquid on top. Sprinkle on a tablespoon of chopped chives, pour on three or four tablespoons of soured cream, then dust lightly with Parmesan and breadcrumbs, and flash the omelette briefly under a hot grill. Serve straight from the pan, cutting the omelette in half.

More soothing and warming than this is a substantial soup of smoked haddock with leeks, bacon and prawns, which is based on traditional Cullen Skink.

To serve three as a main course I allow nearly 1 lb smoked haddock. Put it into a pan with half a pint each cold water and milk, a bay leaf and some parsely stalks. Bring very slowly to simmering point, cover and set aside for 10 minutes. Then strain and reserve the liquor; fillet and flake the fish.

Soften a small finely chopped onion in some butter. Stir in a scant ½ lb diced potatoes and pour on the fish liquor. Half cover and simmer until the vegetables are very tender. Reduce to a smooth purée.

Return the purée to the soup pan. Add the flaked fish and 2 oz of cooked and peeled prawns, and set over a gentle flame to warm through while you fry a couple of streaky bacon rashers that have been cut into snippets.

Slice a leek (tender green parts as well as white) so finely that the leaves fall into ribbony shreds. Add the leek to the bacon pan and stir until every shred glistens with fat.

Cover and steam-fry for a couple of minutes, just shaking the pan occasionally. Add the contents of the frying pan to the soup and stir gently to mix everything well. Season with black pepper, add a little salt if the soup needs it, and serve garnished with fresh chopped parsley.

Philippa Davenport

هكذا من الأصل

DIVERSIONS

HOW TO END IT

Lucia van der Post

The agony and the painful ecstasy

IF HEALTH WARNINGS worked we would all be living in a smoke-free zone, the tobacco companies would have gone bust, and the government's revenue plans would lie in ruins. As it is, the weed, although on the wane, is with us still and smokers seem to need something more to make them take the fateful step.

I have discovered what it is—a challenge. Take an office (the one adjoining mine) full of hardened smokers. Take an ardent anti-smoker (me). Suggest challengingly that there is an extremely difficult assignment ahead—*to see who can give up smoking by trying one or other of the available methods.*

Two months on and the air is (nearly) sweet (if a trifle smug), the coughs reduced to a trickle, the ashtrays gone.

If you have found, like Mark Twain, that it is perfectly easy to give up smoking—why, you've done it hundreds *of times—read on.* Here is how they (nearly) all did it one last time.

Cold turkey

By Michael Thompson-Noel

HER NAME was Eucalyptus. Candlelight moulded her alabaster shoulder and flecked her irises with splinters of pearl. A breeze stirred the drapes. Her breathing had slowed. She lit a cigarette and handed it to me, its filter tipped with crimson. I grasped it sensuously—my last cigarette!

Well, now. I have often fantasised on the where, when and how of that marvellous moment—shot through with melancholy—when I jettisoned cigarettes. Just imagine, my brain cells have told themselves: from the moment he stops smoking, this *husk* we *inhabit* will be pure and whole again; what a ravishing experience.

But real life isn't like that, particularly for a middling-to-heavy smoker who decides, like me, that the best way to quit is to go cold turkey: to cut the habit dead without benefit of counselling, acupuncture, hypnosis, or any of the aids and props on which weaker souls rely. But as I am discovering, to cut the habit dead is to venture in the void on a grim and horrible journey.

To guide me across the abyss, I cast in my lot with an excellent booklet — *So You Want to Stop Smoking* — from the Health Education Council (HEC). To stop smoking takes time, it says, but it can be done. There are four stages: 1—You think about your reasons for stopping. 2—You prepare to stop. 3—You do it. Just stop. 4—You work on staying stopped.

Stage 1 can take anything from a few days to a few years. Stages 2 and 3 can be over in hours or they may take weeks. Stage 4 is vital — it may be some months before you can be confident that you will never want another cigarette. If you get to stage 4 and then slip back, says the HEC, just start again from the beginning. Many people *have to try a few* times before they stop smoking for good.

To help you through stage 1—*thinking* about stopping smoking—the HEC briskly summarises the obvious gains. Right away, you'll be free of a costly habit. You'll smell fresher, will be healthier, and you'll be free of the worry that you might be killing yourself.

Stage 2—*preparing* to stop—is all about breaking the habit. Some people find it helps if they *cut down* on cigarettes before they actually give up. But don't look on cutting down as an alternative to giving up and don't do it for more than a couple of weeks.

Get some help—ask friends and family for support—and pick a day when you are going to stop. "Make it a day when you will not be under much stress," says the HEC. "The day before, get rid of all your cigarettes, ashtrays and lighters."

So, I picked a day—January 25—which fell smack in the middle of a two-week holiday. This was sensible. Like most smokers, my craving for cigarettes zooms out of control the moment I reach the office—the people! the noise! the pushing and politics!

My "last" cigarette was a tame affair. There was no Eucalyptus, *no crimson* filter tip, and no satiation. I smoked my "last" cigarette at 7.31 pm *on January 24*, in the sanctuary of my own kitchen.

Twenty-four hours later, I was quivering with irritation. I had cramp-like tremors and brooded horribly. What a trick life was! What a wretched conspiracy! The second day was worse, *although I still didn't* weaken—at least not until dinner, when I smoked a cigar. On day three, January 27, I smoked several cigars and numerous cigarettes.

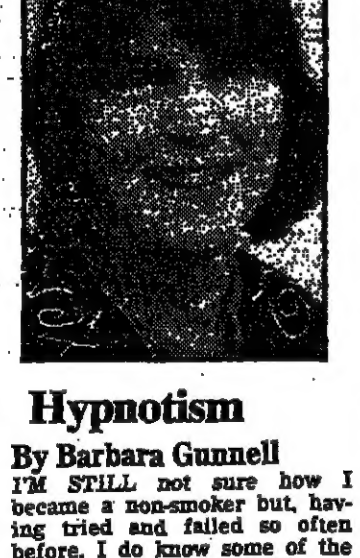
By the time I returned to work on February 2 I was puffing away merrily. I was expansive and *happy*, although I had at least changed my brand. Instead of Marlboro I was buying Silk Cut, which are considerably weaker.

But I was wracked by guilt, so I planned a new date for stopping.

My new date for stopping was February 8, a Sunday. Again I smoked my "last" cigarette in the quiet of the kitchen. The first day was horrible, the second far worse. By then I was back in the office, like a hamster on his treadmill—the *people!* the *noise!* the chronic *over-crowding!*

At present my smoking is limited to a cigar now and then, to ease stress or celebrate good tidings. It is very hard work. But I know it will be worth it.

● *Health Education Council, 78, New Oxford Street, London, WC1A 1AH.*



Hypnotism

By Barbara Gunnell

I'M STILL not sure how I became a non-smoker but, having tried and failed so often before, I do *know* some of the things that have been different this time. The most important difference is that a few weeks before stopping I visited a *hypnotherapist and though* I didn't (and still don't) feel the hypnosis worked it would be unfair to deny a possible link.

The hypnotherapist—a very pleasant and totally uncranky woman—started by taking a detailed personal history. Her aim, she explained, *was to find* why my subconscious (right brain) wanted to smoke and why it resisted all arguments and persuasions to stop from my rational conscious mind (left brain).

She did not specialise in smoking but had treated smokers before. She thought the chances of success were 70-80 per cent and that if the treatment failed this was likely to be the result of a deliberate decision by the cilent to go on smoking. For example, one client had discovered under hypnosis that smoking was his one anti-social act in an otherwise exemplary life of service to others. He chose to go on smoking rather than channel his anti-social energy elsewhere. I rather hoped that I was not going to pay £20 a session to *discover* that my subconscious was stuck in a similar rebellious mode.

The first session was pleasant and initially relaxing but I was acutely aware of my surroundings, her voice, noises outside, and most of all my discomfort and embarrassment at being such a "bad" patient. I did want to be hypnotised and I wasn't quite sure how to tell her that it really wasn't working. That first session was taped and the therapist suggested playing the tape once a day until the next session.

The tape proved to be a superb relaxation aid, though finding 20 minutes when you can shut out everything — phone, family, etc — might not be easy for everyone. But, unless being very relaxed counts as hypnosis, I'm still sure it had no hypnotic effect.

The tape suggested that I should limit myself to about four cigarettes a day. A couple of days I had none, a couple of days I had as many as ever—about 20; and a couple of days I had four or five. This, thought my therapist at the next session, was excellent.

I didn't enjoy this session. I felt guilty and wilfully stubborn as she unsuccessfully tracked my elusive subconscious and asked me to recall past events. While my brain, left/right, conscious/unconscious, steadfastly refused to throw up any imagery at all from my past, we engaged in a dialogue something like this:

"What do you see?"

Nothing."

"What colour is nothing?"

"Grey."

This would be followed by another sortie into some other possible past situation, and:

"What do you see now?

"Nothing."

"What colour is *this* nothing?"

"Slightly paler grey."

"Good—hold on to that . . ."

My subconscious — clearly determined to carry on smoking—had cunningly gone into hiding.

The next session came round far too quickly and I realised with dismay that I had not listened to the tape once, had been smoking as much as ever, and couldn't face an hour of delving into my imageless past. That's when I think I decided I should stop mucking around and just give up smoking. I cancelled the session and a few days later I smoked my last cigarette. I knew without any doubt that it was my last and that marks the second major difference between this and earlier attempts to give up.

Like most people giving up smoking I have in the past approached it as a war against a powerful enemy. Every minute is a battle with the possibility of smoking. Will I win or will the cigarette? But if you don't even admit the possibility of a cigarette there can be no battle. Isn't that how Ghandi beat the British? This could be the pacifist approach to giving up smoking.

● *British Hypnotherapy Association, 1 Wythburn Place, London W1. 01-723 4453.*

The man who said he would give it up AGAIN tomorrow

Confessions from a smoke-filled room

Chewing gum

By Malcolm Rutherford

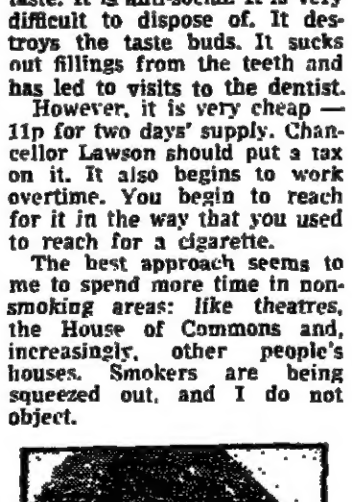
I FAILED. The main reason must have been that I did not try hard enough.

There were others.

Chewing gum is an acquired taste. It is anti-social. It is very difficult to dispose of. It destroys the taste buds. It sucks out fillings from the teeth and has led to visits to the dentist.

However, it is very cheap — 11p for two days' supply. Chancellor Lawson should put a tax on it. It also begins to work overtime. You begin to reach for it in the way that you used to reach for a cigarette.

The best approach seems to me to spend more time in non-smoking areas: like theatres, the House of Commons and, increasingly, other people's houses. Smokers are being squeezed out, and I do not object.



The Easy Way

By Tim Gopsill

THERE ARE a million hard ways to do anything and one easy way. I have found The Easy Way to Stop Smoking. It cost me less than £3 and I bought it in a bookshop.

It is, in fact, called *The Easy Way to Stop Smoking*, by Allen Carr, newly published in paperback. *At the same time* as reading it I have, as it happens, given up the weed. I do not want to make any grandoise claims, for the book or myself. Let us take things a step at a time.

Over the years (about 25 in my case) I have tried many of the hard ways: cutting down on cigarettes or trying not to buy any; chewing gum or sucking sweets; and a few half-hearted stabs at cold turkey—or what Carr derisively calls the Willpower Method.

All are doomed to failure, as he explains. All are agonising—because they rest on the assumption that you still need the drug.

Cutting down means that those cigarettes you do smoke are so much more precious. You inhale more deeply. Between them, you suffer the pangs of every smoker when he or she needs a fix, magnified by time and intensified desire. You suffer, in other words, for nothing: building up for yourself the stress which you habitually relieve with a smoke.

Substitutes, of whatever kind, rest on the same assumption. Whatever you might chew or suck, you are simply reminded that what you really want to do is smoke. More stress.

I have tried being scared, religiously reading all the reports about the health risks. I *have even made a point of reading* the health warnings on cigarette packs and have tried to think about what they mean. But fright simply makes smokers want to indulge more. *No* one has smoked even one cigarette during the past 20 years without being aware that it is a health risk.

I have tried books. One, *The Smoke Ring*, by Peter Taylor (Sphere, 1984, 360 pp, £2.95) is a rigorous analysis of the tobacco industry and its effects on our lives and struck me as *one of the most brilliant*, brave and perceptive works I had ever come across. What effect did it have on my smoking? None at all.

As for the much-vaunted cold turkey, well . . . it is just about the most stressful circumstance *for a smoker that could* be devised.

Then, a friend of mine told me about Carr's book. It is the anti-smoking hype of the moment, and it had worked for her.

Carr is a dedicated ex-smoker, *with all the zeal of* the lapsed Catholic or Communist. I have a feeling I wouldn't want to find him sitting next to me on a plane. He published *The Easy Way to Stop Smoking* privately two years ago, and it began to build up a following. Then, *Penguin brought it* and it took off.

To give out Carr's secret would be like the famous review of *The Mousetrap* in the satirical magazine Private Eye ("The policeman did it"). But I can't avoid it. Because what he says *is what I did.* I just stopped. I decided I wasn't going to need tobacco; so when I feel I ought to want a smoke now — and, of course, it happens quite a lot — I simply say to myself: No. I don't. And I don't.

Counselling

By Barbara Dalzell

I SPENT a weekend of my life hallucinating about salami. A 48-hour obsession with it almost took my mind off the fact that I was going to die if I didn't have a cigarette, that I'd kill for nicotine, that smoking was a glorious life-enhancing activity.

I'd given up smoking before—unsuccessfully. This time I feel more confident of success. I enrolled in a course called Full Stop (01-444-6876) which offers four three-hour counsell-

ing sessions spread over two weekends.

The course, run by Gillian Riley, takes smokers through the pschology of smoking addiction and explains how to stop without feeling deprived of life's greatest support system.

The classes are held in a friendly, relaxed atmosphere—so relaxed that there is no shortage of ashtrays around and no suggestion that one should stop smoking the minute one starts the first session. Giving up, as Gillian explains, is not a one-off event. It is part of a process.

To make sure that the process is working, Gillian continues to phone for up to a year to see if further counselling is needed.

What impressed me most about Full Stop (and convinced me that it was well worth the £150 fee) was that it was intensely positive. The difficulties of giving up were acknowledged and dealt with but the underlying emphasis was on the rewards of being an ex-smoker.

I can't pretend that stopping smoking was a laugh a minute. Withdrawal symptoms are withdrawal symptoms and nothing on earth can make them enjoyable. Three weeks after stopping I no longer feel that I'd kill for a fag; there have been moments, however, when maiming somebody was on the cards.

Irritable moments aside, I'm feeling the benefit of stopping. None of that sordid spluttering and wheezing in the morning; farewell to panicky feelings when the shops are shut and there are only two cigs left in the packet; the pleasure of playing with my Persian cats who no longer smell as if they had spent a month in a kipper factory. . . .

And oh! The odious feeling of smugness, cunningly concealed I hope, but at its strongest when I watch other people putting strange, smelly, unhealthy things in their mouths.

Hypnotism

By Ian Davidson

I HAVE not given up smoking; the furthest I am prepared to go in public, at the risk of sounding a touch smug, is to confirm that I have not smoked since just before lunch on Tuesday, September 9, 1986.

Naturally, I do not mind if my friends gaze at me with wide-eyed admiration. But what none of them seem to have guessed—I hardly dare admit it even to myself—is that I may have passed through a mystical personality change worthy of Tamino in the *Magic Flute:* I did not give up smoking—but I may have become a non-smoker.

It all started a long time ago—32 years ago, to be axact. The army used to space out the boredom by encouraging new recruits to smoke at frequent intervals: "All right, lads, fall out for a smoke!" For me, that was the beginning of 32 years of 40 a day—which works out at about 467,200 cigarettes.

Giving up was not because I was feeling ghastly: I did, of course, enjoy a ritual coughing spasm every morning and heard plenty about snoring at night, too.

It was because of my wife; or rather, a pincer movement between my wife and her dearest friend. They say that nagging does no good; I've said it myself; but if the nagging becomes really beastly then the pressure can get quite fierce.

The dearest friend had a key to the problem. She had heard of a man who does hynotherapy, a Mr C. H. Kingston-Hardy. So I wrote to him—for some reason, he did not appear to be in the telephone directory—and in due course he fixed an appointment. I went to see him.

This is where the puzzling part begins. In a 1930s block not far from Baker Street I found Mr Kingston-Hardy in what appeared to be a one-room *flat divided into a very small* sitting room and an even smaller kitchenette, with a sliding door between. The room contained an armchair, a divan and what used to be called a radiogram, except that this one included a cassette player. Mr Kingston-Hardy inquired about my smoking level, and confiscated my fags and lighter.

He then invited me to sit in the armchair and listen to a *cassette he had prepared:* he switched it on, and disappeared into the kitchenette. Aha, I thought, this is the relaxation phase, and then he'll give me the business, with swinging watch-chains and clicking fingers.

I couldn't really tell you what was on the tape, except that it explained at great length that smoking was very bad for you.

When that was over, Mr Kingston-Hardy came back through the sliding door, invited me to lie down on the divan and, before disappearing *into the kitchenette again, put* on another cassette. Aha, I thought, this is the second relaxation phase — then he'll give me the business with the pin-point light and the melodious voice. I couldn't rehearse in detail what was on the cassette, except that it explained at great length that smoking was bad for your health, that it would take a long time for all the poisons to drain away, and that I could not risk having a single cigarette ever again.

When the second cassette ended, Mr Kingston-Hardy came back through the sliding door and reminded me that the fee (which we had agreed on the telephone) was £50; so I gave it to him. I was surprised and sorry that there was evidently going to be none of the expected business with dim lights and piercing X-ray eyes.

Despite this slight let-down over the atmospherics of the seance, I am forced to conclude that Mr Kingston-Hardy is latter-day Sarastro. All the other people I know who have tried to give up smoking have complained of the fearful and constant effort of will required.

Not me. I have frequently thought: how nice it would be to have a cigarettte. But I cannot pretend that I have had to go through any very *strenuous* moral press-ups to resist it.

Nevertheless, I still think my unassuming public posture remains a prudent precaution: I may yet discover that my transmogrification into a truly superior and wonderful non-smoker was imperfectly achieved, and that I am less a Tamino than a Papageno. Still, I have lived over four months without the weed. At £50 a throw, that's a great bargain.

C. H. Kingston-Hardy
01-402 6957

SO THERE YOU HAVE IT. The astonishing fact is that out of our six guinea-pigs, five of them are currently off the weed. If it all sounds a bit too good to be true, if you feel the ex-smoker is just one cigarette away from restarting the noxious habit, and if you are wondering just how long this miracle can last, we promise to report back to you in three months. Apart from anything else, we've got to keep the challenge going . . .

• BOOKS •

Malcolm Rutherford on a very elusive politician

Almost but not quite

RAB: THE LIFE OF R. A. BUTLER
by Anthony Howard.
Jonathan Cape. £15.00, 422 pages

IT IS surprising that there should have been until now no full-length biography of R. A. Butler. He was, after all, one of the dominant British politicians of the post-war period, spent the war working on the Education Act that popularly bears his name and even had a foot in the pre-war camp. So far we have had to rely on his own memoirs, called typically The Art of the Possible, published in 1971.

It is less surprising, but still odd, that this official biography should have been written, at Butler's request, by Anthony Howard, once the editor of the New Statesman and a journalist who has never made any secret of his sympathy for the Labour Party. Howard admitted Butler's sense of fun. The latter in turn must have thought it a good joke to entrust his official biography to someone on the left.

Howard is scrupulously fair; a biographer from the right—or even someone unpolitical—might have been distinctly more critical. For it is hard to avoid the conclusion that what Reginald Maudling once called the "blue blood and thunder" wing of the Tory Party was correct in thinking he should never be allowed to become Conservative Leader. He was too soft.

There were two cardinal points against him. One was Munich where as a junior minister at the Foreign Office he continued to take the Chamberlain line on appeasement until the end and after. The other was Suez when, though a senior Cabinet Minister, he virtually disappeared from sight, neither wholly supporting nor wholly opposing the operation. Again in the words of Maudling: "He gave the impression that he was lifting his skirt to avoid the dirt." Howard writes that he may have regarded the whole episode as a "tiresome distraction," which may be true but is hardly an excuse.

In those circumstances it is understandable that he should have failed three times to become Prime Minister: in the succession to Churchill, to Eden and to Macmillan. It might have been third time lucky, since the succession to Macmillan was so obviously open and a large part of the Cabinet would have supported him, but Butler declined to push himself.

Howard has found a note among the Butler Papers which records: "To sum up the whole thing, it is no good thinking there is no life left if one is not elected Pope, he can always be a respected Cardinal." Butler wrote in his Memoirs that he was asked by Lord Home—the man who eventually got it—whether he (Butler) was a candidate. He replied: "Yes, up to a point, but not to the extent of having a vote on the matter."

Cambridge days—"And in this special course of history we've made up for you, I become Prime Minister" . . . Trog's cartoon reproduced in Anthony Howard's book

So it was a respected Cardinal that he remained, and one for whom the knives would always come out if he went too far.

Apart from the Education Act, his principal achievement was to refashion the modern Tory Party. It is sometimes said that he was one of a new breed of middle class professionals. That is not quite true. Howard brings out that his style of life was distinctly upper. When he married into the Courtauld family in 1926 he was given £5,000 a year tax free for life. The couple left on a world tour lasting a year. When the constituency of Saffron Walden—where Courtauld was the major employer—looked as if it was becoming vacant, it was virtually handed to him on a plate. He canvassed not by making speeches, but by showing films of the world tour on his mobile cinematographical unit. In their London house the glass dining-table was designed by Francis Bacon.

Yet his main interest did lie in reshaping Conservative policy, in developing the Research Department and in bringing on young people. Churchill, in opposition in the late 1940s, was not much taken by detailed ideas: Butler was, and that was when the roots of the Party that dominated the 1950s began to grow. Maudling, MacLeod, Powell, Boyle and others all came up under him. MacLeod, and Powell still wanted him as Prime Minister in 1963 and refused to serve when Douglas-Home was chosen instead.

With hindsight his heyday was probably 1951 when he was made Chancellor of the Exchequer. Howard remarks that "if ever a politician appeared to have the next decade at his feet" it was he. He was a successful Chancellor, though at a time when the economic clouds were beginning to lift and it might have been hard to fail.

He reckoned, however, without Suez, the departure of Eden and the ambition of Macmillan. The latter could never forgive him for Munich and was determined to have the Premiership for himself. He continued to use Butler in various high offices and could have hardly afforded to discard him altogether. Yet it is difficult to disagree with Howard when he writes that by the year 1962 Macmillan "had come to regard Rab as a trout that he could tickle and play with at will."

He seems to have been in the Conservative Party because it simply never occurred to him to belong to any other. In the end it was too rough for him. This book fills a big gap, although I think that Howard has unduly suppressed his talents as a journalist. His book is a trifle dull.

Fiction

Other selves

THE COUNTERLIFE
by Philip Roth. Jonathan Cape. £10.95, 328 pages

HOWEVER MANY times writers of fiction try to warn the reader against identifying the central figure with the author, such an identification often becomes impossible to avoid, especially when the character's situation seems precisely that of the author. If "Christopher Isherwood" was not meant to be Christopher Isherwood then why on earth was he given the same name?

Philip Roth has been aware of this problem ever since he scored such a resounding success with Portnoy's Complaint. His response since then has been to publish a sequence of loosely connected novels about the fortunes of a Jewish American novelist from Newark, New Jersey, who suddenly achieves fame and huge sales with the public at large, and notoriety bordering on contempt in orthodox Jewish circles, through the publication of a novel about a mother-dominated Jewish boy, featuring American middle-class Jewish family life. Roth does not call the novelist by his own name; instead he calls him Nathan Zuckerman and his famous novel, Carnovsky. But he positively encourages us to make a connection. He says to the reader in effect: "Okay, identify me with Nathan if you must, and see how far it gets you."

This ironical stance was an element in previous Zuckerman novels: in The Counterlife, an ambitious and brilliant conclusion of the series, it is of the essence. In an earlier Zuckerman novel—the last to be published dealt somewhat digressively with Eastern Europe—Zuckerman buried his father; in this one he buries his younger brother Henry, or rather he seems to bury him because the reader never knows until the end which events are real and which are fictive, inventions of the fertile brain of Nathan Zuckerman, being himself but a figment of the even more fertile brain of Philip Roth.

You will have gathered that it is an elusive novel to describe, deliberately so. Everything that happens seems to be immediately negated or contradicted by what happens next; or, to attempt to put it more strictly, the structure is that of thesis succeeded by antithesis, anticipating a synthesis that never comes. The two pillars, or opposite poles, of this edifice are the two brothers whose characters and lives seem to stand in stark contrast to each other. One is a dentist, the other a novelist, one is a family man, the other a loner, one a citizen of Newark, the other a citizen of the world, one famous, the other obscure.

But these stereotypical roles, into which the personalities of the two brothers fit, are mere points of departure as the novel shifts its centre from America, to Switzerland, to Israel, to England with one or other or both of the brothers having to come to terms with what it involves to be a Jew in these countries.

The section "Judea," set in Israel in a settlement on the West Bank among a fanatical group of Israelis, is one of the best things Mr Roth has done. Here we have him creating a living flesh and blood figure of chilling intractability whose tirade is presumably not meant to be identified with Roth's own position. At the end the narrative fetches up in a Gloucestershire village where Nathan stays with the widowed mother and sisters of his English gentile wife; the plot turns on an outburst of antisemitism underlying traditional English life—an episode some readers will find wildly implausible. Here we feel, as always in Roth at his most penetrating, that what is being savagely exposed is not merely Roth's problem but a much larger one that faces any Jew of the Diaspora.

Philip Roth: among Israelis

Yet basically this novel is a comedy, confected with such piquant liveliness of touch as to make solemn reflections seem wholly inappropriate, if they were not so agonisingly insistent, long after the book has been put down.

Anthony Curtis

Faraway people

ON FIJI ISLANDS
by Ronald Wright. Viking. £10.95, 257 pages

ARE "CANNIBALS" a myth? They have been dismissed as the fiction of ill-informed Westerners, but recent doubters appear to have forgotten Fiji. Until the late 19th century, the islanders really did eat people. In 1867, the highlanders made a meal of the Rev. Thomas Barker, an active Methodist missionary: they thought that human flesh, perhaps even missionary flesh, was an aphrodisiac. The victims were not boiled alive, but were roasted in ovens after death. Roasting could be an insult or a mark of respect to a dead enemy. Soon afterwards, the preacher's eaters were conquered and brought to Methodist Christianity. They blamed the disasters of the following years on their previous, sacrilegious dinner. Nowadays their descendents are tremendous hosts and admirers of our own Royal family.

Ronald Wright remarks that "it is we who say that roasting dead people in an oven is savage behaviour, whereas roasting live ones with napalm is not." Most of us, I trust, would reply that napalm-bombing is an ultimate savagery, even if some also think it "necessary" in war. Ronald Wright is sometimes a little hasty, but I do enjoy his developing style of factual detail, and laconic comment. His first book, on Peru, had similar strengths and this one is full of food for thought, more enriching than its food for consumption. Since the Fijians dropped men from the menu, their cooking has not exactly blossomed. Ronald Wright describes some ghastly meals on the islands, from dog to bats and tinned "mackerel."

Due north of New Zealand, Fiji has a colonial history which is the backbone to Wright's book. I gained less of a sense of present-day Fiji, not least because he did not speak its language and was content, as a travel-writer, to convey his own impressions through English-speakers whom he met. They, too, have a story, but not quite such a compelling one as the islands' history which he narrates piecemeal. If travel-writers would only learn to communicate with most of the people they describe, their books would be even better. Then, indeed, we could justly speak of a new second life for their genre.

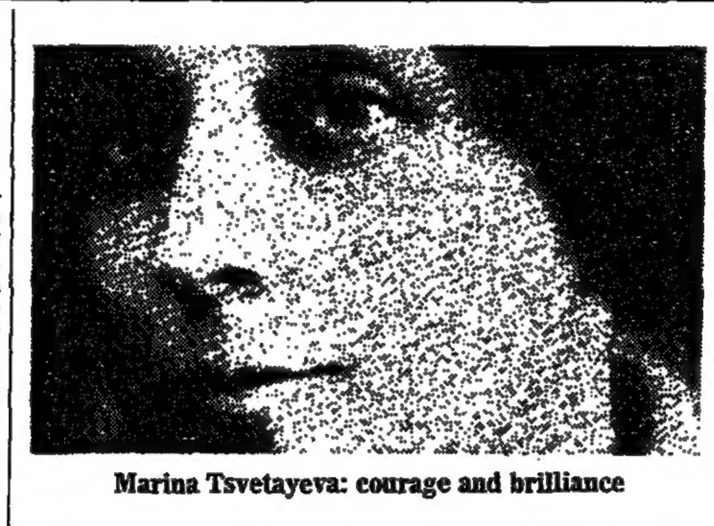
When Westerners made contact with the island, they imparted lethal diseases, spread Methodist Christianity, brought in a large workforce from India and quickly felled the entire local stock of sandalwood trees. Modern Fijian politics are still beset by racial tension, the direct result of our import of Indians, who are now about half of the islands' total population. Ronald Wright is firm that the colonial policy of land-ownership for Fijians only has been a distinguishing merit. He is particularly interesting on the officials to whom its origin is owed. As governor, Sir Arthur Gordon (1875-1888) showed a true paternal insight, which he later abandoned in his financial career in London. John Thurston, who assisted him, has the further distinction of planting Fiji's notable Botanic Garden.

For me, the gripping edge of this book lies just off the main island, on Rabi. There, we British resettled the poor Ocean Islanders whose own home we wickedly appropriated. You may remember the islanders' case for compensation, brought as if from the Pacific blue in 1976. A TV film did raise, and shame our consciousness, but Ronald Wright's superb telling of the story makes this book more than one more tour to be savoured à la carte.

In 1900, Ocean Island was seen to be made of thick, invaluable phosphate. British officials, even governors, grabbed it with appalling rapacity, which the subsequent "British Phosphate Company" (BPC) is here adjudged to have continued. We destroyed the island, offering £100 for each acre of phosphate, worth £40,000 to us. In 1941, the Japanese added a bomb or two to the mess. When these imported "Fijians" danced for our visiting Queen in 1977, the words of their song had a bitter message. Ronald Wright re-opens these scars and touches on a neglected stain on British history.

Yet the Fijians and Ocean Islanders still remained touchingly loyal to the "good white Queen" whose officials were so heartless. This blend of dissent and ultimate loyalty fits well, as he wisely remarks, with the Christian Methodism they had digested.

Robin Lane Fox



Marina Tsvetayeva: courage and brilliance

Woman poet who stopped waiting

A CAPTIVE LION: THE LIFE OF MARINA TSVETAYEVA
by Elaine Feinstein.
Hutchinson. £15.95, 290 pages

THE SUFFERING which writers endured during and after the Bolshevik revolution in Russia has already been understood in the West through the writings and lives of such poets as Boris Pasternak, Mandelstam or Akhmatova. Now Elaine Feinstein has written the life of Marina Tsvetayeva, a poet who committed suicide in 1941 after years of exile, poverty, hunger and gradually diminishing hope. Her husband was in the Lubianka prison at the time, where he was shot, probably even before his wife's death. Their daughter was also in prison, although after 16 years she was released alive. Tsvetayeva's adored 15-year-old son did not mourn for his mother whom he blamed for their unfortunate situation but enlisted in the Soviet army where he was killed two years later.

Such tragedies suggest that reading Tsvetayeva's biography might be a depressing experience. But this is not the case. Hutchinson publish simultaneously to the biography a collection of Tsvetayeva's Selected Poems, translated by Elaine Feinstein (£6.95). These read in conjunction with the biography mitigate the effect of her unhappy life with the force and the brilliance of her poetry. After all, she lived every day for and through her poetry. She wrote to her friend and supporter, Boris Pasternak, during a period of acute loneliness in the country-side of Czechoslovakia: "I have no friends. Here they don't like poetry and what am I apart from—not poetry, but apart from which it is made? an inhospitable hostess, a young woman in old dresses. . . ."

Nevertheless Tsvetayeva's story is not the simple one of a dedicated poet fighting for the space to create. Like many women, in particular she was torn between her artistic and her human responsibilities — a conflict she never resolved and in some sense caused her death. In her work, Art in the Light of Conscience she stated that "To be a human being is more important because it is more needed. The doctor and the priest are humanly more important, all the others are socially more important."

Moreover, although extraordinary in many ways, she had the ordinary woman's wish for a great human love. She married Sergei Efron when she was eighteen and already a well-known poet. He was a seventeen year old orphan who suffered from tuberculosis and her relationship to him was predominantly maternal. During the revolution he joined the White army and she was separated from him for five years during which she starved in Moscow with her two young daughters, one of whom died.

After the war she followed Efron into exile and they later had a son to whom she dedicated much of her later life. She fell in love several times but her affairs, whether with men or women were seldom satisfactory, partly because of her way of seeing people more in the light of her imagination than their own reality. Her two great poem cycles, "Poem of the Mountain" and "Poem of the End" were inspired by her passion for Konstatin Rodzevitch. Ironically, he was not the type to enjoy such strong emotion and repudiated her after three months for a less demanding lover.

Tsvetayeva, despite being so personally affected by the politics of her time was not politically motivated. Whether moving in émigré circles in Prague or Paris or even in Russia, she felt herself equally out of place: "In every group I am an alien, and have been all my life." In the 1930s Efron was revealed to be a Soviet agent and returned with their daughter to Russia. Unpopular and unregarded as she was in the West, Tsvetayeva decided to follow him once again and thus entered the nightmare created by Stalin and the war. Nevertheless it was the failure of her human relationships rather than her physical discomfort and danger which caused her to hang herself.

Elaine Feinstein approaches both the poetry and the biography with absolute sympathy and understanding. The double experience gives the reader an unusual and exciting sensation of coming very close indeed to the workings of a great poet's mind. Tsvetayeva always understood herself very well: "Externally things always go badly with me, because I don't love it (the external). I take no account of it. I don't give it the required importance and demand nothing from it. Everything that I love changes from an external thing into an inward one, from the moment of my love it stops being external."

Rachel Billington

Destiny in the sand

OUR FATHER
by Bernice Rubens. Hamish Hamilton £9.95, 212 pages

PLATO PARK
by Carol Rumens. Chatto & Windus £10.95, 212 pages

B-MOVIE
by Stan Barstow. Michael Joseph £9.95, 175 pages

BLACK MIRRORS
by Farooq Khalid, translated from the Urdu by Eric Cyprian. Jonathan Cape £10.95, 285 pages

NOT WAVING
by Sarah Grazebrook. Hutchinson £9.95, 164 pages

ASPIRING AUTHORS wishing to master the art of the arresting opening should take lessons from Bernice Rubens. Consider the first sentence of her latest novel, Our Father: "Veronica Smiles was crossing the Sahara desert, minding her own business, when she ran into God."

Such encounters become a regular feature of Veronica's life. On her return home from the Sahara ("Veronica Smiles was the kind of woman for whom the word 'intrepidity' was coined") God turns up in Surbiton, leaves messages on her answering machine and then pursues her on holiday, to be spotted lurching drunkenly in a Moselle vineyard. Apparently He disapproves of her whirlwind romance with an impotent baronet—or so Veronica assumes until she finds herself re-examining the skeletons which lurk in her family closet.

This is a novel about the loneliness which comes with visionary dedication (Veronica's mother was a mountaineer and shared her daughter's aversion to settling down and staying put); it is also about childhood trauma, guilt, and personal atonement. But if Rubens is sympathetic and serious, she is also wickedly funny ("She regarded men as peripheral, rather as she regarded flowers or haute couture. One of them was sitting opposite her now"), mistress of a bizarre, black, adult humour which gives her novel all the allure of fantasy.

In the poet Carold Rummens's first novel, Plato Park, her principal narrator is called Arkady, and he comes from a familiar genre of slightly insufferable anti-heroes: whether his creator approves of him is hard to tell. At his best Arkady has a certain irrepressible adolescent charm, but he is also a cautious conformist, a member of the Russian literary establishment and unattractively short on moral fibre. He extends his love affair with all things English to Elizabeth, the daughter of a visiting English academic invited to a Moscow literary soirée.

But extracts from Elizabeth's diary on her return to London reveal her to be unhappy and unbalanced, subject to curious historical hallucinations and very far from the serene and inaccessible ideal of Arkady's imagination. I am not sure how far Elizabeth is meant to be a casualty of capitalism; the casualties of socialism, on the other hand, are made only too clear. Arkady's former mistress tries to distribute a feminist magazine on the samizdat network, only to have her best friend and co-worker die in a psychiatric hospital.

However, Arkady is a survivor—so much so, indeed, that he finds himself on a delegation to a Socialist Writers' Festival. It is the perfect opportunity to escape from an unsatisfactory marriage, and fulfil his cherished dreams of exploring England and seeing Elizabeth once more. But here the novel trails off a little; Rumens's London, even through the eyes of a bewildered Russian visitor, is less compelling than her Moscow, and Arkady's encounters with Elizabeth only reinforce the currents pulling in the opposite direction.

It is Elizabeth's powerful obsession with the USSR, not Arkady's disillusionment, which leaves the most abiding impression—her evocative question: "What is Russia? Why do I feel there is more truth in its ice-and-fire barbarousness than in all the seedy, shabby gardens of democracy?"

Infinitely closer to home is Stan Barstow's B-Movie. Barstow tells a good story, complete with all the colour and grit one could wish for. The grit in this instance comes off the beach in post-war Blackpool, where Frank, a dreamy, sensitive jazz musician is reunited with his adored and more assertive cousin Arny. Their holiday swiftly acquires the aspect of a nightmare, as Frank finds his loyalties stretched to their furthest extent. The incidental sexual encounters of both young men are described with a particularly sharp cutting edge.

Farooq Khalid's Black Mirrors—it won Pakistan's highest literary prize—suggests to me that there's no such thing as the universality of art. Centring on a group of guests living in the Bara Dari boarding house hotel, Black Mirrors is a kaleidoscopic tangle of murder, madness and mysterious connections between human beings who constantly deny one another. Encounters are strange and ritualistic, conversations inconsequential and often apparently meaningless; there's much philosophical reflection and a strong awareness of the forces of evil. For a Western reader, the effect is powerful but bewildering, as a familiar form is rendered unfamiliar, co-opted by another culture.

Finally, Sarah Grazebrook's Not Waving, which won the Cosmopolitan Prize for literature and qualifies in more ways than one as a very modern novel. There are long columns of staccato dialogue and a fine line in domestic repartee of the esprit d'escalier variety. To be honest, Not Waving has a "Written with Television in Mind" stamped all over it. But as a witty variation on some familiar themes of middle-aged adultery, it comes off rather well. True, you have the classic combinations: older woman/younger lover, pompous husband/adoring secretary, but Ginny, the older woman, wife and pivotal figure in the novel, has a scatty and idiosyncratic charm as well as an enviable gift for one-liners. There are also some beautifully accurate renditions of the relentlessly logical and sometimes hilarious conversation of very young children. In all, I am inclined to wish Sarah Grazebrook well in her bid to reach our TV screens.

Kirsty Milne

Forster's policeman friend

THIS SMALL CLOUD: A PERSONAL MEMOIR
By Harry Daley.
Weidenfeld & Nicolson. £12.95, 241 pages

ON THE PIG'S BACK
by Bill Naughton. Oxford. £10.95, 188 pages

HARRY DALEY was not the conventional idea of a policeman. He was a rather timid, aesthetic, homosexual and very indiscreet. It was the last quality that alarmed E. M. Forster most. He was concerned lest Daley's excessively "camp" behaviour would lead to them being arrested. Nothing of the kind happened although there must have been narrow shaves once or twice.

Daley's fellow cops in the Hammersmith section house had no doubt what he was especially when he arrived there with his chattering pals from the Bloomsbury set — Forster, Raymond Mortimer, Duncan Grant and the like. For, thanks to his special interests, Daley was taken up by intellectuals who, for their part, found a certain frisson in hob-nobbing, thanks to this friendship, with bookies, costermongers, boxers and crossing sweepers, etc. "Soon almost everyone had their policeman friend," Daley reported.

In this snatch of autobiography, he does not tell us much about his smart chums; the book is concerned with his boyhood in Lowestoft, where his father was a fisherman who perished in a storm, with his widowed mother's struggle to bring up a large family on modest means and with his 25 years as a policeman in London. He gives—for he knows how to tell a story—a brisk and vivid account of his life as one who watched fairly benevolently over the thieves, the whores, the ponces, the petty crooks and other misfits of the metropolis.

There were, too, the eccentrics—for instance the tramp who pushed a pram containing all he possessed. The tramp was lousy; the pram was alive with mice. Daley was told in no uncertain terms not to bring that waif into the station again.

Occasionally he shut his eyes and turned away when he should have acted. He did not really like arresting people. But, on the whole, he did not suffer as much as might have been expected from the persecution of fellow-officers who guessed his secret. It was not hard to do so. And, after the day's work, there was always escape to books, opera, or his cherished gramophone records.

An interesting man, not at a guess altogether a happy one. For even among the friends he made outside his life as a policeman there was not unbroken bliss; there were jealousies, sulks, resentment, rows. Out of it all there comes a memoir which only he could have written and which not only sociologists will find absorbing.

Bill Naughton from County Mayo and Bolton, Lancashire, is one of the Irish who have settled in England.

Naughton, as a child, was loath to leave Mayo but his mother told him England was a great place altogether; once they were there they would all be "on the pig's back."

They found the English a tolerant lot with a strong sense of humour; and in England they remained. Driving a coal lorry, Naughton, aged 30 by then, was seized with the idea of writing a story. He did so; the story was accepted, other stories followed, and plays; now here is this very humane and humorous collection of autobiographical sketches which bring alive the ways and woes of an immigrant family, of the Ireland they left and the Lancashire they found.

An engaging narrative which, among other things, shows the strength of the Irish tradition in the diaspora thanks in part to the strength of the Church.

George Malcolm Thomson

Glamour man

IVOR NOVELLO
by James Harding.
W. H. Allen. £13.95, 256 pages

IF BOUCICAULT was a great man of the theatre, if Noël Coward was a great man of the theatre, if Terence Rattigan was a great man of the theatre, then Ivor Novello belongs up there with them; and yet he is mostly remembered, rather condescendingly, for his profile. It was indeed a noble profile, that seems, judging from the pictures of his father David Davies and his mother Clara Novello in Dr Harding's biography, to have owed little to heredity; and in fact it contributed less to his success than people think. He was cast for his looks, having no acting experience, by Louis Mercanton in the film L'Appel du sang in 1920, but by that time he had composed some 50 songs for West End musical comedies and revues, not to mention "Keep the home fires burning," the great success of World War One.

Novello made 22 films in the next 15 years, learning technique as he went along, but in that period he also played in 20 plays, 11 of them written by himself (two in collaboration, three pseudonymous, as David L'Estrange or H. E. S. Davidson).

The musicals began in 1935 with Glamorous Night, which he sold to Harry Tennant over lunch at the Ivy, making up the plot extempore over coffee. There is no great dramatic subtlety in the plots of his musicals, but who needs subtlety in a musical? What he gave was romance, music and spectacle. A liner sank on stage in Glamorous Night; there was an earthquake in Careless Rapture; there was a train crash in Crest of the Wave; and there were memorable tunes in them all.

Novello had been a choirboy at Magdalen College Choir School and had studied with Brewer. He had a talent for melody far higher, I fear, if you ask me, than Noël Coward's, but he used to write down his melody lines and send them to Leighton Lucas to harmonise. His intimate friendship with Eddie Marsh led to a more intimate friendship with Christopher Hassall, who wrote lyrics that matched the tunes. Though he always gave himself a good romantic part, he did not ask himself to sing. His voice broke, rather late, at 16, and that was the end of his singing career.

This friendly and well-researched biography makes him out a pleasant, generous talented man. It is discreet about the homosexuality which everyone knew about, and tells of his imprisonment for misuse of petrol coupons as if he were the victim of a confidence trick. Certainly the sentence was unduly savage, but it may have been the result of his too-easy acceptance of favours.

You would believe from this book that everyone loved him. I was lunching one day with Hilton Phillipson (Mabel Russell the actress) and he came across the Ivy to talk to us. Naturally we talked a long time, and when we went out we found a policeman by the car on the verge of giving us a ticket. "I'm so sorry," Mrs Philipson said, "we were talking to Ivor Novello." "If I'd known that," said the cop, "I'd have run you in."

B. A. Young

هكذا من الأصل

Michael Coveney visits a new French play in Brussels' Les Halles:

Gripped slowly in a vice

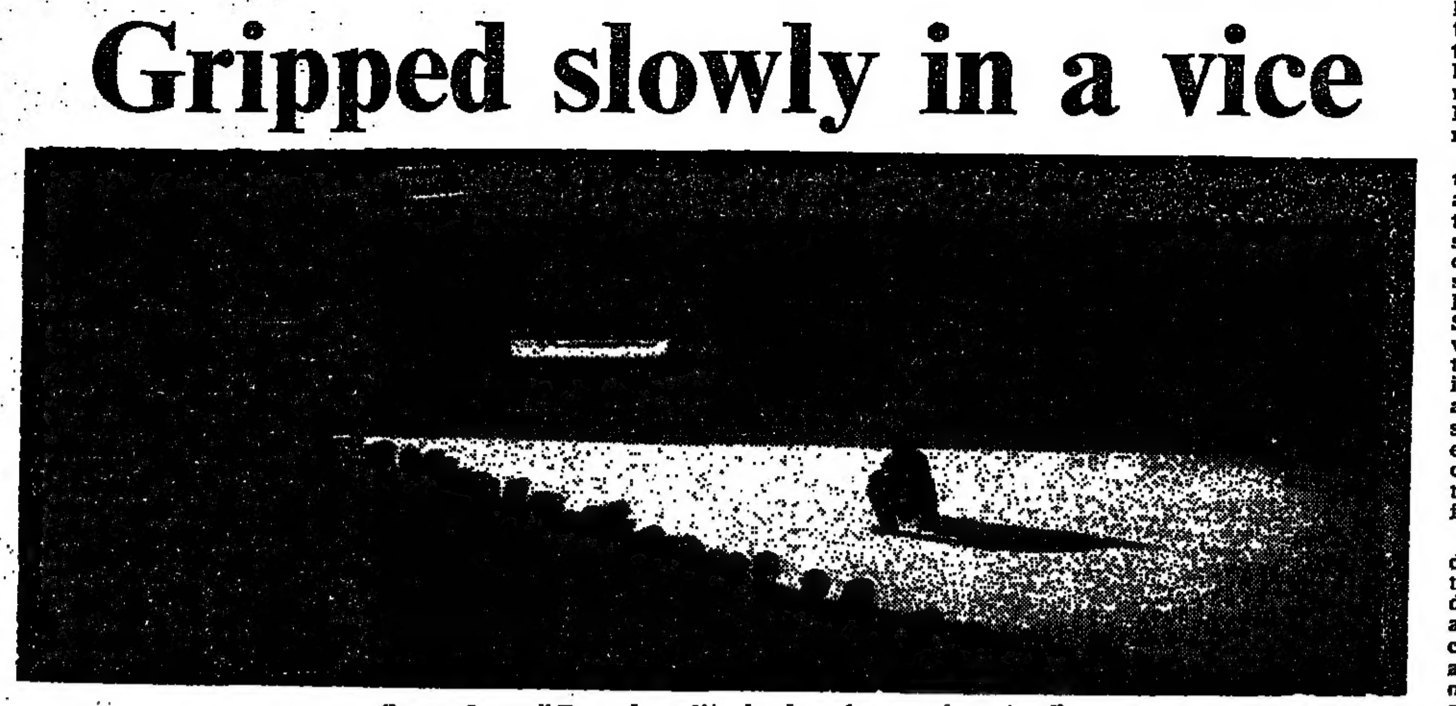
Last weekend I caught the final performance in Brussels of a remarkable new French play, directed by Patrice Chéreau, in an old covered market the size of an aircraft hangar in the north west district of the city. Les Halles de Schaerbeek, a magnificent relic of 19th century industrial architecture, is one of several venues throughout Europe whose properties of intimate vastness and atmospheric functionalism are ideally compatible with the tone, scale and informality of much that is best in the contemporary arts.

Although some notable innovators do work in conventional theatres—Peter Stein and Pina Bausch, for instance—many others, including Peter Brook, Ariane Mnouchkine, Ljubisa Ristic and Eugenio Barba, have long forsaken the proscenium arch and "centres of excellence" and occupied old and minimally restored halls and warehouses. In London, the nearest equivalent to Mnouchkine's Cartoucherie or Brussels' Les Halles would be the Round House, now a mute and unproductive black arts centre, a sleeping beneficiary of a farewell GLC spending spree.

Les Halles has already played host to Brook's *Ubu Roi* (which visited our Almeida Theatre in Islington), Mnouchkine's 10-hour Sianhouk and Cambodia epic and, last week, the latest fruit of one of Paris's few notable collaborations between a great director and a contemporary writer.

Ironically, the play, *Dans la solitude des champs de coton* by Bernard-Marie Koltès, was commissioned by the Almeida's artistic director, Pierre Audi he intends to present it in London later this year. But he will be denied the eerily monumental "sensurround" quality of a black foggy night on the edge of an asphalt jungle achieved by Chéreau and his design team of Richard Peduzzi (décor), Daniel Delannoy (lighting) and Philippe Cachia (sound).

I have no doubt that the former life of a place such as Les Halles invades and informs whatever is done there today.



Scene from "Dans la solitude des champs de coton"

The programme includes rock concerts, video festivals, high-wire circuses and a whole host of activities involving, and seeking to involve, the local children as well as Schaerbeek's Turkish and Moroccan immigrant constituency. The covered market was built in 1865, was destroyed by a fire in 1898 and immediately re-built according to the original blue-prints.

Stall-holders arrived from outlying districts by tram bearing vegetables, cheeses and meats. What is now a small adjoining performance space was once the fish hall. The main interior has a gallery all round supported on elegant pillars and the roof soars up to a steel-girdered vault and a splendidly unfussy arrangement of windows and wrought-iron. After falling into disrepair in the 1920s, the building was nearly shut down in 1921 but survived as a car park. The renovations today date from 1972, when Joe Dekmine, a dynamic avant-garde producer in the ebullient style of Edinburgh's Richard Demarco, made practical proposals and gained support for them in the local commune.

Political wrangling and vacillation mark the next 10 years, during which Les Halles became a non-profit organisation and therefore eligible for subsidy from the Ministry of Culture. Finally in 1983 Les Halles became the property of this French-speaking *Ministry* and the restoration work began. So far £1.2m has been spent, and the administration, while grappling with a rapid turnover of personnel at the ministry, says a further £1.7m is needed to complete the work and various technical installations.

It is a story of luck, persistence and dedication by all concerned. Les Halles' administration operates on a budget of £310,000. The Chereau production cost £217,000 to bring from Paris for one week, with an estimated maximum box office income of £17,000. So who paid for it? The national opera and theatre companies, that's who. The opera's annual budget is £17m and while this is, comparatively, a far more generous public endowment than any that Britain's great companies receive, we at least see in the venture a healthy collaboration between establishment and alternative houses unknown in Britain. *It is as if the National* Theatre were to under-write the visit of Robert Wilson's *Hamlet Machine* to either Riverside or the Round House. Which, in a more ideal world, of course, they should do.

This background of cultural deals and trafficking, as well as the looming greyness of Les Halles, was ideal for the Koltès play. It is a philosophical tango for two players, one of them a black bluesman simply referred to in the text as "Le Dealer," the other a punk hobo dubbed "Le Client." They are outside the city in a shadowy environment of warehouses and cranes. "What I desire, you certainly won't have" spits the client. But the commerce they seek is never defined: drugs, sex, the meaning of life? The actors tense and bridle, circle each other, slide a cigarette lighter across the floor during a break in hostilities.

What might have been pretentious waffle is, thanks to Chéreau's directing and the electrifying acting of Isaach de Bankole (the dealer) and Laurent Malet, an occasion that grips you slowly but surely, like a vice.

Les Halles is a flexible space, and the contestants faced each other with the audience banked up, like the parted Red Sea, on either side. In his programme note Chéreau invokes the boxing match and Brecht's *In the Jungle of the Cities*. The reverberations are even greater than that. In Koltès' ornate, deliberate and lucid prose we hear the echo of Diderot's 18th century dialogues, particularly that between Diderot and Rameau's nephew in the gardens of the Palais-Royal in the late afternoon.

While much of Diderot's *Le neveu de Rameau* is satirical and now obscure, it does offer the best example of how life style and moral values can take on theatrical life in a dramatic situation. The Brecht play, too, has had a modern successor in Sam Shepard's *Tooth of Crime* where a fading rock star is threatened by the new arrival in an electric guitar shoot-out among the chart-toppers. The shabby, edge of urban existence demeanour of both Koltes' characters inevitably resurrects the phantoms of Beckett's futile but competitive tramps.

So this is much more than a dense philosophical 90-minute two-hander. Its potency of dramatic currency, its re-animation of a familiar theatrical form in a contemporary ambience, is as exciting as the overall mood of an urban melancholy jangle is affecting. A strange symbiosis develops between the opponents. Their respective stances of approach and resistance—de Bankole almost "magics" his victim from the deep, matadorishly deceiving him with a tattered overcoat—are challenged by notions of friendship and treachery, loyalty and love. Malet's client, a scowling blond hooligan in high-heeled boots and zipped, tartan leggings, asks for more time, for the dealer to go with him. He clinches the Beckettian argument with "Cherchons du monde, car la solitude nous fatigue," the cry of a fatally-wounded street urchin.

I hope we do see this play soon in London. But I would exchange any amount of such pleasures for the assurance that we may yet see a marriage of visionary fervour and financial commitment, as exampled at Les Halles, invested in a large informal space such as the embattled Riverside or the virtually defunct Round House.

Radio

A feast for St David

All seven plays on Radio 4 this week have come under the heading of "Welsh Drama," and they have all but one been directed by the same director, Adrian Mourby. This was by way of tribute to St David, whose feast we celebrated last Sunday. I was not able to hear all seven, but one thing was clear from what I heard and from what I read in the Radio Times, that BBC Wales can offer a variety of product, not all of it concerned with Welsh affairs.

The most Welsh of the plays I heard was *Echo of the Dragon* by Rob Gittins, on Sunday. The defeat of King Richard at Bosworth comes into it, but the theme is the disloyalty to the Welsh of Henry Tudor (Henry VII), who had been welcomed as the champion sung by the Bards in their Song of Arthur. "How can a Welshman play St George?" he asks mockingly. But there is a true claimant to the throne in the shape of Lord Rhys (not in any of my reference books). He will not break his oath to Richard, even after Bosworth, so he will not become involved in "the Cornish rebellion," Perkin Warbeck's perhaps. Indeed, he will do nothing but retire to the friary where Richard's body had been taken. Mr Gittins, rightly no doubt, cares nothing for English legends: Richard is a great horse soldier, whereas Henry VII is "weak and twisted." The word "sabotage" should have been avoided. I thought this play entertaining without being important.

On Saturday we had *Cuckoo*, the play Emlyn Williams wrote 30 years ago, but which never got a production until last year at Guildford. It isn't much of a play. It is set in a Thames-side cottage called Koslkot, where lives a family of eccentrics. Madam used to be a great singer, and continues to behave as if she had just come away from a Paris cabaret. Powell lost both his legs in the war. Lydia marries a young man who "works in an office" as the managing director, revealed once the wedding is agreed. Cuckoo, who was dropped on her head as a baby, is mentally eight years old, though physically in middle life. She is treated as a prop rather than as a character, for she never influences the plot other than as a focus for the kindness and generosity of the others. We had a good company, with Judy Cornwell as Cuckoo, Margaret Courtney as Madam, Petra Markham as Lydia. The director was Enyd Williams, who couldn't do much with it.

The Monday Play was an adaptation by Charles Way of Bruce Chatwin's novel *On the Black Hill*, and it had the fault of so many adaptations of novels, trying to get too much in. The story of the twins Lewis and Benjamin Jones (Robert Blythe and Ioan Meredith) tenants of a farm on the border between Wales and Worcestershire, covers their lives from childhood to senility. A lot happens beside the main story of their problems with the farm, and there is an exciting scene in which this is sold by auction to a neighbour and retrieved by lawyers. If the fortunes of the farm had been more closely concentrated on, and the ornamental features that make the novel such a good read had been soft-pedalled, the play would have come out better. Recorded on location in the Black Mountains, it sounded pretty good.

On Tuesday morning we had a Welsh half-hour piece, *Batts*, by William Ingram (who also played the pub landlord). Ageing and arrogant, Arthur Prosser (Glyn Houston) revisits his boyhood valley and discovers the complications that have arisen since his last time there. Decent light entertainment, about right for 11.30 am.

Ivor Cutler is the most private of comics. If he believes that what he does is funny, he is hardly concerned with being compared with the Ronnie Corbett-Les Dawson brand of joke-teller. *Bat Blues* (R3, Thursday) began with Mr Cutler giving a simple lesson in blues piano playing to a woman pupil, while he crunches at the bats that he lives on. Eventually the bats carry him off. Then they come back and carry off the announcer of the programme. We end with a long, simple example of his jazz piano. I don't know why it's funny, but to me it is.

B. A. Young

Where there's a will . . .

THIS WEEK cultural luminaries from around the world gathered in London for a two-day seminar organised by the Arts Council to debate "The Arts—Politics, Power and the Purse." Like most such gatherings it came to no definite conclusions. Entrenched opinions were fired at committed theories, across a square.

The Arts Council invested £25,000 in the exercise, perhaps with the hope that the 70 participants would endorse the British model of arts funding as the wonder of the world better than the Ministry of Culture favoured by the French, a relic of a centralised monarchy: better than the "hands off" approach of the US, fruit of a frontier spirit.

If the Council had such fantasies it was disappointed. True the French spokesman, M. Girard, saw virtues in the arm's length British approach, but the over-riding impression generated by the conference was that significant breakthroughs in the arts spring from the exercise of political will. There is no evidence that the current Minister for the Arts, Mr Richard Luce, or the Prime Minister herself, are prepared to emulate the grand gesture of M. Jack Lang in doubling state expenditure on the arts when he became Minister of Culture in France in 1981.

In fact the current weakness of the political will in the UK in the arts was emphasised as country after country—France, Italy, Spain—reported substantial rises in state expenditure in recent years, and consequent improvements in employment in this sector, in revenue, and in national well-being. All Mr Luce could offer was a promise of three-year funding guarantees for major Arts Council clients, a planning aid but of no great impact if the money guaranteed does not increase appreciably—and there is no sign that it will.

For once money did not seem to be the main issue—rather it was structures and politics. Is it possible for politicians to manufacture the means of an arts revival without controlling the ends? To say "what the hell, go ahead with the Pompidou Centre, or a new dance theatre for London, and we'll worry about paying for it later. And there will be no political strings." The experience in Canada, at least, suggests that if the Government gets directly involved it wants to make all the decisions.

Few politicians, in particular Conservative MPs, bothered to turn up. Some Labour MPs did, and the divide between the right of that party, represented by Mark Fisher, the shadow Arts Minister, and the left, represented by Tony Banks, was marked. Mr Fisher praised the export achievements of arts related industries like records and publishing. Mr Banks repeated his deeply held view that the arts can never be divorced from politics, and that the arms length principle is dead.

He related how, when chairman of the GLC arts committee, he threatened to cut back the grant for the National Theatre if Sir Peter Hall went ahead and dismissed some cleaners. When Sir Peter said this was political blackmail which would immediately affect the National's creative output, Tony Banks replied: "We'll increase your grant if you keep on the cleaners." A nice compromise if money is freely available. Of course, in time, reality asserted itself. As Bill McAllister, of the ICA, pointed out, with digs at both Sir Peter and Tony Banks, when Sir Peter eventually got round to putting out the cleaning of the National to private contractors the money saved, £250,000, was substantial enough to fund a provincial theatre for a year. Sir Peter's rousing speech to the Conference, attacking politicians of right and left, lifted the tempo appreciably, but there is still little will among his fellow arts tillers to sympathise unreservedly with the problems of a theatre supremo who gets £7m a year in Government subsidy.

If the Government never managed to square the contributions of the overseas speakers with the obsession of British delegates with their own particular backyards, at least a wealth of data emerged. Arts people may feel unloved but the arts are booming. It was interesting to hear that American arts organisations only receive 5 per cent of their income from business, and that the Paris Opera gets £27m a year in subsidy, double the grant to Covent Garden. The French also have a tax on pornographic books, with the money going to local museums.

After these two days no one can doubt that the arts in the UK are starved of funds compared with their continental rivals — Stuttgart, not the largest city in West Germany, gets £21.3m a year for its theatre/opera house, and Frankfurt over £20m. Perhaps if the money is forthcoming the structures look after themselves.

Antony Thorncroft

"Trousers" for the West End

Theatr Clwyd's production of *When Did You Last See Your Trousers?* at present on tour, is to transfer to the Garrick Theatre from April 13 for an unlimited season.

The cast includes William Gaunt, Susie Blake and Michael Sharvell-Martin.

Magical Brighton

BRIGHTON'S arts are booming. That was the message given this week when the southern seaside town unveiled ambitious plans for its 21st international festival. Against prevailing trends of austerity in the arts, the Labour-controlled Brighton Borough Council has raised its grant to the three-week festival to £152,000—up 200 per cent on last year's figure.

The council has beefed up its subsidy in recognition of the income brought to the town by the festival, estimated at more than £3.5m last year. This contrasts with the attitude of the Labour-controlled Edinburgh Council which, wary of "elitism," has had a frosty relationship with its own arts festival.

Brighton Festival's success, under artistic director Gavin Henderson, is also due to its efforts in attracting business sponsorship: £200,000 was raised last year and this sum is certain to be exceeded this year. Even Edinburgh, with more kudos and twice the number of events, only bettered Brighton's business sponsorship last year by £50,000.

American Express is sponsoring the premiere of a new Simon Gray play, *Melon*, to star Alan Bates as a man on the brink of breakdown. Other major sponsors include TSB Trustcard, Network SouthEast and Brent Walker Brighton Marina Village.

Alan Bates

The theme of this year's festival, which opens on May 1, is Myth, *Magic* and Legend. There is a strong Nordic element with concerts by Swedish and Finnish orchestras, performances of Don Giovanni and Idomeneo by thet Swedish Drottningholm Opera and dance from Jorma Uotinen and Passage Nord.

Other highlights of more than 300 events include a premiere of a reworked musical by avant-garde dancer Michael Clark, Sibelius performed by the violinist Anne-Sophie Mutter, jazz piano from Abdullah Ibrahim (formerly known as Dollar-Brand), and the English Song Award competition. Sarah-Jane Morris, who with the Communards recently reached the top of pop charts, will be performing with New Sussex Opera in a premiere of The Sleep, based on the myth of Orpheus and Eurydice.

There is also a series of literary events including talks by D. M. Thomas, Brian Aldiss and David Benedictus and poetry readings by James Berry and Grace Nichols.

More than 1,000 local people will be involved in the Town Plays, with more than 20 revues and sketches performed, like Mystery Plays, throughout the Old Town.

Annalena McAfee

Littlecote's Prospect

TO THE disinterested outsider, the continuing story of Littlecote House—its sale, the subsequent dispersal of its contents and then, almost at once, attempts to retrieve and replace the more important items—is a puzzle.

The unique collection of Civil War arms and armour has already been retrieved, and now it is the turn of the painting, *A Prospect of Littlecote House* by an unknown artist of the early 18th century, which until two years ago hung where it had hung for nearly 300 years, in the great hall of the house.

It is now in the hands of the London dealers, Colnaghi, who, with other purchasers immediately to hand, have agreed to hold the painting for a short while to allow a public subscription to be raised. The special asking price is £240,000, of which £200,000 must be committed by the end of March with the balance to follow by the end of April.

A national Appeal has been launched by The Friends of Littlecote House in association with the Wiltshire County Council, who would become the owners of the painting, committed to restoring it to its old place at Littlecote for as long as the public has access to it. Mr Peter de Savary, who bought Littlecote and sold the painting in the first place, has given the fund £20,000 and the National Art Collections Fund has put up a further £25,000.

Time is very short and there is perhaps a fine opportunity here for an enlightened sponsor to come forward to guarantee the appeal in the short term against its final achievement. In the meantime, the address of the Appeal is: c/o The Manager, Lloyds Bank, 125 High St, Marlborough, Wiltshire SN8 1LU.

William Packer

Royal Variety show for children

The sixth children's Royal Variety Performance in the presence of Princess Margaret is to be recorded on Sunday, March 15, for future transmission on BBC1.

Chess No. 662

1 N-B6. If K-Q2; 2 P-N, or if K-Q4; 2 Q-K5, or if K-B3; 2 Q-R6.

Video

A bumper British crop

DOUBTERS, DOUBT no more: the video age is here to stay. Consumer spending on pre-recorded cassettes last year in this country was up 42 per cent on 1985, figures, bringing in £425m of revenue to video distribution companies.

In celebration of these bumper figures, March is the month when the video releases seem to have gone all British. Leading the pack are *A Room With A View* (Embassy) and *Mona Lisa* (Cannon) our current Oscar contenders.

The witty, elegaic Forster film is nominated for eight of the gold statuettes to be distributed on March 30, including Best Film, and Bob Hoskin's hoodlum-with-a-heart in *Mona Lisa* has been shortlisted for Best Actor. If either wins, you can celebrate immediately by having your own pushbutton showing.

Alex Cox's *Sid and Nancy* (Embassy) and Peter Greenaway's *A Zed And Two Noughts* (Palace) represent the weirder end of British cinema. One is the sad, mad tale of Sid Vicious and his girlfriend as they raved and hellraised their way to an early death. Maundering script, but high-voltage performances.

The second film is an attempt to pinpoint man's place on the evolutionary ladder with a story involving swans, car crashes, identical twins and Venus De Milo. Bring your allegory-decoder for full enjoyment.

Connoisseurs of British weirdness cannot bypass Julien Temple's *Running Out Of Luck* (CBS/Fox). This resembles a pop video that has escaped from captivity and grown into a feature film.

Mick Jagger hurls himself around the compass points of an improbable plot—he plays a social castaway who runs the gamut of prisons, casinos, Deep South plantations and goodness knows where else—and his girlfriend Jerry Hall trails after him. The soundtrack thunders to songs from Jagger's "She's The Boss" album, and the visuals resemble a cross between a Martini and a berserk travalogue.

It makes you hark back fondly to the days when British cinema, rather than letting it all hang out, kept it determinedly buttoned in. This month's build-a-library suggestions offer eight succulent classics of Great British Cinema, stiff upper lip division. All the titles are available on bargain labels (for around £10) and all are un-vandalised by the colourisers.

Brief Encounter: classic Brit romance, with Celia Johnson and Trevor Howard being frightfully brave over cups of tea. **Carve Her Name With Pride:** Virginia McKenna as British agent showing *le vrai grit* in Occupied France.

The Malta Story: Alec Guinness and Jack Hawkins stiffening the sinews, as Little England defends a little island. **Pimpernel Smith:** Leslie Howard cutting an incomparable dash as a spy for all seasons. **The 39 Steps:** Hitchcock, Buchan and splendid chases from Mile End to John O'Groats.

Reach For The Sky: still heart-stirring, as legless airman Kenneth More does what a chap's gotta do in WW2. **Raffles:** not the Singapore hotel but the gentleman burglar, spiffingly played by David Niven. **The Way Ahead:** Carol Reed in North Africa, marshalling the fight against the Huns.

Among non-British movies the charmer of the month is Emil Kusturica's **Father Is Away On Business** (Cannon), the funny, touching Yugoslavian fable of growing-up which won the Cannes Golden Palm in 1985. Challenge of the month is **Second Serve** (Guild), with Vanessa Redgrave as the sex-change hero(ine) in an American TV drama, irreverently nicknamed by some "Hormone The Range." Moderate script, but powerhouse acting from Miss R.

Nigel Andrews

Legal Notices

No. 00461 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
THE PRUDENTIAL ASSURANCE COMPANY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th February 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the sum standing to the credit of the Share Premium Account of the above-named Company as at the 19th December 1986.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 16th March 1987.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned D. F. Roper on payment of the regulated charge for the same.

Dated this 7th day of March 1987.
D. F. ROPER,
142 Holborn Bars,
London EC1N 2NH,
Solicitor for the above-named Company.

No. 00462 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
PRUDENTIAL CORPORATION PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th February 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the sum standing to the credit of the Share Premium Account of the above-named Company as at the 18th December 1986.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 16th March 1987.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned D. F. Roper on payment of the regulated charge for the same.

Dated this 7th day of March 1987.
D. F. ROPER,
142 Holborn Bars,
London EC1N 2NH,
Solicitor for the above-named Company.

WEEKEND FT

SPORT

Whiff of player power from Florida swamps

John Barrett reports from Key Biscayne on the International Players' Tennis Championships

FOR THE past 4,000 years Key Biscayne has been the last barrier island along the United States' Atlantic coast. Out of the mangrove swamps along its sandy shores, just seven miles from the city of Miami, has risen in nine short months the International Tennis Centre of Key Biscayne—the final home, after two false starts, of the $1.8m Lipton International Players' Championships.

This two-week tournament, the fifth of such duration alongside the four Grand Slam events of Wimbledon and the Australian, French and US Opens, perfectly reflects the growing influence exerted by the players in the control of the modern game.

For a start, the championships are owned jointly by the two players' associations—the men's ATP and the women's WITA — and managed by the former executive director of ATP, Butch Buchholz, and his brother Cliff. It was Butch who secured the necessary sanction from the two uneasy tennis councils—the MIPTC and the WIPTC—in 1985. At the time, the game's Establishment thought it expedient to bow to player power rather than to risk their withdrawal from the two controlling bodies.

By conceding two precious weeks in an already crowded calendar, the MIPTC and WIPTC angered organisers of existing events, though they did gain concessions from the players of increased participation in the two world-wide circuits—the Grand Prix for men, now sponsored by Nabisco, and the World Series for women, which is supported by Philip Morris through its Virginia Slims cigarette brand.

That was the theory, at least. Many believe that the scale of the players' commitment—14 tournaments for the men and 11 (not including the Grand Slam events) for the women—was bare justification for the rapidly increasing levels of prizemoney that has made millionaires of 51 men and 17 women since open tennis arrived in 1968.

In 1976 the Grand Prix offered $5.6m in prize money and the women's series offered $2.2m. The corresponding figures for 1987 are $26.1m and $15m, and these figures do not include rewards from special events exhibitions or the Davis and Federation Cups.

The new executive director of the APT, Hamilton Jordan, a former chief of staff at the White House under President Carter, will discover that the militants among the players are not satisfied with that sort of progress. Behind the scenes there have been strong demands for a share in the growing TV revenues of the four grand slam championships towards a pension fund.

It appears that the solution will be to levy a general contribution from all grand prix tournaments in 1988 from the greatly increased levels of player compensation that tournaments are being asked to find —up from a minimum of $293,400 this year to $500,000 next at the Super Series events.

Being a politician, Mr Jordan will recognise that the players will have to give something in return for this increased compensation. When the new five-year contract between APT and the MIPTC, due to begin next January, is being negotiated, the players will need to commit themselves to more tournament appearances — say 16 at least — otherwise the tournament directors and sponsors will revolt. In addition, the players would be wise to be seen making individual contributions to the pension fund from their own winnnings.

Steffi Graf of West Germany, who this week beat Martina Navratilova

Meanwhile, the Lipton tournament seems certain to develop into an important event in the calendar, though the suggestion that it should be considered a fifth grand slam event is premature. Certainly the exciting plans for developing this site, if fulfilled, will produce yet another major new tennis complex to rival those I have reported on recently from Australia, Tokyo, Seoul and California.

Butch Buchholz has had no easy ride. When the 1985 site at Delray Beach went bankrupt and the 1986 experiment at the Boca West resort was obviously overwhelming the local community, Buchholz sought the help of Merrett Stierheim, the former county manager of Dade County in southern Florida, who is now the executive director of the WITA.

Together they looked at possible sites for a major tennis complex and, for sound business reasons, settled on Key Biscayne. Buchholz realised that corporate involvement was essential for the tournament to succeed, both as subsidiary sponsors and as the purchasers of the 400 boxes he planned to build around the centre court.

He also knew that Miami is the third largest banking city in the US, behind New York and Washington, and is also the 11th largest city in population.

Furthermore, with 22,000 employees and an annual budget of $1.5bn, Dade County is the largest regional government in the US outside the state governments; and therefore had the resources to back the scheme. Following a successful public hearing last July the county committed $2m to prepare the site and build the courts. In the event, a further $1m was required to complete the conversion of 30 acres of the 60-acre site from a swampy rubbish dump into the beautifully landscaped site of a major tournament.

Happily, the players have supported the event wholeheartedly, with 17 of the top 20 men and 19 of the women entering. The highlights on court have been the heroic performance of Mats Wilander in defeat and the victory of Steffi Graf over world champion Martina Navratilova.

I believe Steffi Graf's 6—3 6—2 win in 57 minutes against Miss Navratilova marks the emergence of this talented 17-year-old German girl as the new force in women's tennis — something she was threatening last year. On a horribly windy day she did everything better and faster than Martina, who was totally out-played and graciously admitted afterwards: "Today she was the best player in the world, and she'll stay there until I beat her again." I fancy that may not happen for quite a long time.

Green, green grass at home

Brian Bollen on the growing criticism of plastic turf pitches used by Football League clubs

"THE OLD architecture of soccer, the grim shabbiness of the corrugated iron age, had gone now. Today even the grass had gone. Commoners had been one of the last clubs in the First Division to install the new plastic turf. In the summer close season they had dug up the old grass pitch and replaced it with the new man-made wonder stuff, bright green and totally dead."

They Used to Play on Grass, written by Terry Venables and Gordon Williams and published in 1971, had a clear vision of Britain's footballing future. The English, Scottish and Irish competitions would be scrapped in favour of a British Cup, Hampden Park would be the largest all-seater stadium in the country, and plastic would supercede grass as a playing surface.

For a time, before he was seduced by Barcelona, it looked as if Venables was soccer's answer to Nostradamus—at least as far as plastic was concerned. Under his management, Queen's Park Rangers ripped up their notorious Loftus Road mud-bath, and laid down a plastic pitch.

They were followed, a little hesitantly, by Luton Town, Preston North End and Oldham Athletic. Then—overnight, it seemed—a further 10 clubs from the lower divisions secured permission to follow suit, while Peterborough of the English fourth division and Wimbledon of the first were set to apply for permission to do away with grass.

Suddenly, the anti-plastic lobby got its act together. Helped by a wave of public and press hysteria, West Ham's proposal to halt the spread of plastic was carried easily in a late-January vote, and a three-year moratorium on the installation of synthetic surfaces was declared.

It appears, then, that many in football regard plastic as a threat to civilisation, despite the advances made since QPR originally took the plunge (Oldham's pitch is generally acknowledged to be the best to date). But just what is wrong with plastic pitches, and why are they now under threat?

There is no rule that says football must be played on grass, and amateurs all over the country play on surfaces ranging from plastic to gravel. At the level I played soccer in Scotland, we were lucky to play on grass once a year. Indeed, Stirling Albion recently became the first Scottish club to secure permission to install an all-weather pitch at their Annfield ground.

Yet ever since the novelty wore off, QPR have been subjected to constant carping from visitors about the quality of their playing surface, and not just from disgruntled losers. Winners, too, have sounded off with gusto. Everton boss Howard Kendall, even after watching his team win 1—0 at Loftus Road in January, said: "Don't talk to me about the pluses of that surface, because there aren't any."

The outspoken Brian Clough also slams plastic. "We have to get these pitches out of the game," he says. "Matches played on them are totally alien and so far removed from the real thing that the difference is quite staggering." This from a man who took Nottingham Forest halfway round the world to challenge Nacional of Uruguay for the hopelessly contrived and money-driven world club championship in a Tokyo dust bowl masquerading as a football ground.

Many complaints focus on the unpredictability of the bounce, which is higher and faster than on grass. But the extent of this concern is, for my money, a reflection of the tactical sterility of the British game. Far too much depends on hopeful punts upfield and on the outcome of duels between gargantuan centre-forwards and impossibly cumbersome centre-halfs than on footballing skills. Compare this, for example, with the Italian league, where genuine ability to control and pass the ball is the order of the day.

Plastic does have advantages: it can generate extra revenue by allowing a stadium to be used more than once a fortnight between September and April. It helps avoid fixture pile-ups West Ham United might just have won the league championship if their fixtures congestion hadn't forced them to play seven games in 18 days at the end of the season. And it can reinforce customer loyalty by ensuring that games take place as advertised.

Undersoil heating costs around £100,000 to install, and hundreds of pounds a day to run. Faced with outlays of this size, even Arsenal were happy to accept a handout to defray the cost of installation.

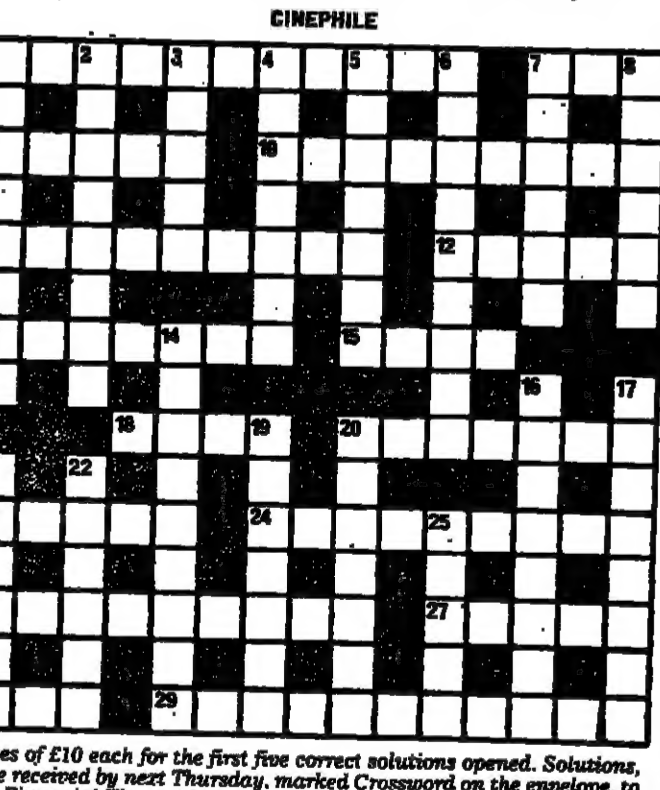
One almost unbelievable criticism of plastic is that it gives home teams an unfair advantage. Doesn't every home team have a built-in advantage? How many footballers relish a visit to Anfield, or to Wimbledon's Plough Lane? A look at the final Division 1 table for last season produces an interesting statistic. The club which gained at home the highest percentage of total points won was not QPR or Luton, but Southampton. Does this mean that the pitch at The Dell should dug up and a new surface la[illegible]

No two pitches are all[illegible] QPR's pre-plastic mud-bath w[illegible] no more suitable for footba[illegible] than the English Chann[illegible] would be for the Boat Race.

The issue of plastic pitche[illegible] has given the big clubs the opportunity to resurrect their preposterous threats of a breakaway Super League, in which grass would be the only permitted surface. But Manchester United had better pull up their socks if they want to qualify. Their own manager, Alex Ferguson, partly blamed the Old Trafford pitch for the club's fourth round cup defeat by Coventry. The undersoil system failed, leaving one side of the pitch nicely thawed but the other half frozen stiff.

FT CROSSWORD PUZZLE No. 6,271

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

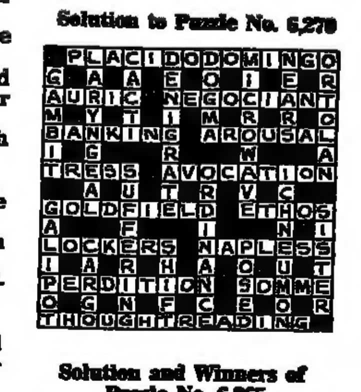
ACROSS

1 Carvings are used to make steel (11)
7, 28 "The cradle of the deep"? (3-3)
9 Sweetheart getting glossy coat from daddy? (5)
10 Dog with appendage docked (9)
11 Rallying-cry for crowd—what's wrong? (9)
12 Heathen god accepting silver (5)
13 Demoralised by what snake did? (7)
15 and 18 Variants on teas and stew that won't meet, more or less aptly placed (4 and 4)
20 Sigh—Sunday must start with high church feature (7)
23 22 yard series? (5)
24 Yeats's lake isle, where the pub doesn't charge? (9)
26 Wild herd with journalist in flagrante delicto (3-6)
27 Extremist in disgraceful traffic (5)
28 See 7 across
29 A number of other varied authorisations induce suspense (11)

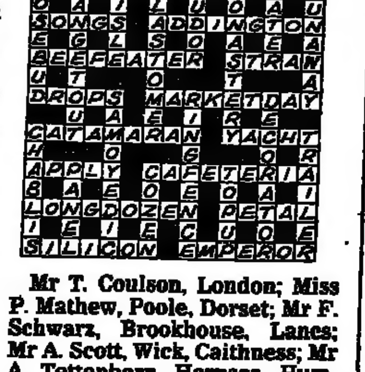
DOWN

1 Basket-making, perhaps: do it too fast? (4,4)
2 Do nothing: have contracted to gain access to point (8)
3 Point of thorn, more or less aptly placed (5)
4 Husband deceived by Urban District clock? (7)
5 Shorten a passage (7)
6 Aim at jobs that are upright? (4-5)
7 Fodder I left amid herb (6)
8 Having enthusiasm for study in painting (6)
14 Prepare an ambush for falsehood in a carol-singer, possibly (3,2,4)
16 Words with music giving little brother title (8)
17 Helen's husband puts beer up in tariffs (8)
19 Attempted deceit: saw if it fitted (5,2)
20 Go astray with little Edith, indefinitely (4,3)
21 Scottish horse or beetle (6)
22 Frank has power and performed (6)
25 Shout vague direction, more or less aptly placed (5)

Solution to Puzzle No. 6,270



Solution and Winners of Puzzle No. 6,265



Mr T. Coulson, London; Miss P. Mathew, Poole, Dorset; Mr F. Schwarz, Brookhouse, Lancs; Mr A. Scott, Wick, Caithness; Mr A. Tettenborn, Hornsea, Humberside.

TELEVISION AND RADIO

SATURDAY

†Indicates programme in black and white

BBC 1
8.30 am The Hunter. 8.35 Dogtanian and the Three Muskehounds. 9.00 Saturday Superstore 12.15 pm Grandstand including 12.20 Athletics: 12.30 Football Focus: 12.50 News: 1.00 Racing from Haydock Park and Racing from Newbury: 2.10 Rugby: 3.55 Half Times: 4.00 Rugby Union: 4.20 Billiards: 4.35 Final Score.
5.05 News. 5.15 Regional programmes. 5.20 Perfect Strangers. 5.45 Jim'll Fix It. 6.20 The Little and Large Show. 6.55 Bob's Full House. 7.30 One By One. 8.20 Athletics from Indianapolis, USA—The World Indoor Championships. 9.55 News and Sport. 10.10 Cagney and Lacey. 11.00 Film: "Loophole" starring Albert Finney, Susannah York and Colin Blakely.

BBC 2
2.05 pm Chess Classic. †2.35 Film: "Triple Trouble" starring Bert Wheeler and Robert Whoolsey. 3.50 Film: "The Only Game in Town," starring Elizabeth Taylor. 5.40 The Week in the Lords. 6.20 Micro Live. 6.50 Newsview. 7.30 Dance Double Bill. 8.45 Saturday Review (Norman Foster assesses the work of Le Corbusier). 9.35 Film: "Fanny and Alexander" (Swedish with English subtitles). †10.55-12.35 am Film: "Sawdust and Tinsel" (Swedish with English subtitles).

LONDON
6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Chips. 2.15 Comedy Classic: Please Sir! †2.50 "Crash Dive" starring Tyrone Power, Dana Andrews and Anne Baxter. 4.45 Results Service. 5.00 News. 5.05 Walt Disney Presents. 5.15 Connections.
5.45 The A-Team. 6.45 Bobby Davro's TV Weekly. 7.15 Me & My Girl. 7.45 The Price Is Right. 8.45 News and Sport. 9.00 Big Fight Preview. 9.05 Aspel & Company. 9.50 World Championship Boxing—Dennis Andries (GB) v Tommy Hearns (US). 10.40 LWT News Headlines followed by The Big Match. 11.25 "Eating Raoul" starring Paul Bartel. 1.00 Glastonbury featuring Aswad.

CHANNEL 4
9.25 am A Question of Economics. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm Isaura The Slave Girl. 12.55 Woody Woodpecker. 1.00 Four American Composers. †2.00 "The Blue Peter," (Kieron Moore stars with Greta Gynt). †3.45 "Pot Luck" starring (and directed by) Tom Walls. 5.05 Brookside Omnibus Tracy has an admirer.
6.00 Right To Reply. 6.30 Speed Chess Challenge. 7.00 News Summary followed by 7 Days. 7.30 John Woods—A Life. 8.15 Pioneers of Socialism. †9.00 The Power Game. 10.00 Saturday Live. 11.15 AIDS Brief. 11.20 "Private Road," starring Susan Penhaligon. 1.05 am "Recluse."

S4C WALES
10.30 am Union World. 11.00 A Week In Politics. 11.45 What The Papers Say. 12.00 The Marketing Mix. †12.30 pm Feature Film: "The Painted Veil" (Greta Garbo stars). 2.00 Rybgi Rhyngwladol. †4.15 Feature Film: "Captain Boycott." 6.00 Right To Reply. 6.30 Speed Chess Challenge. 7.00 The March Of Time. 7.30 Newyddion.
7.50 Stumrau. 8.20 Elinor Ac Erail. 9.05 Y Maes Chwarae. 10.05 E.R. 10.35 Ask Dr Ruth. 11.05 Feature Film: "Persona."

IBA Regions as London except at the following times:—

ANGLIA
11.00 am Tarzan. 1.20 pm The Fall Guy. 2.45 Cartoon. 5.15 Blockbusters. 10.45 "The Domino Principle," starring Gene Hackman, Candice Bergman, Richard Widmark and Mickey Rooney. 12.30 am The Call Of The Cloister.

BORDER
11.00 am Spiderwoman. 11.30 Mr Merlin. 1.20 pm Squash. 2.45 Cartoon. 10.40 Film: "Domino Principle," starring Gene Hackman, Candice Bergman, Richard Widmark and Mickey Rooney.

CENTRAL
11.00 am Mister T. 11.30 Under the Mountain. 1.20 pm Knight Rider. 2.15 Who's the Boss? 2.45 Porky Pig/Daffy Duck. 10.40 "The Domino Principle," starring Gene Hackman, Candice Bergen, Richard Widmark and Mickey Rooney. 12.30 am "The Mean Machine," starring Burt Reynolds. 2.45 Central Live with Mike Tyson: World Heavyweight title fight from Vegas, between WBC Champion Mike Tyson and WBA Champion James "Bonecrusher" Smith. 4.30-5.55 am Central Jobfinder '87.

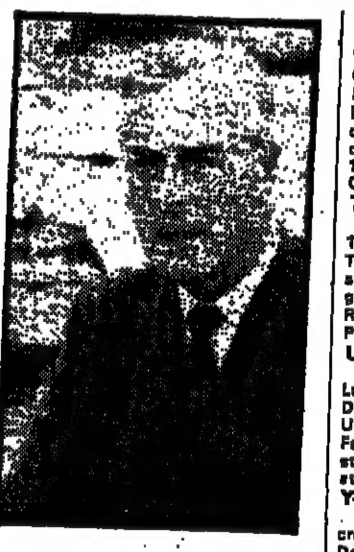
CHANNEL
11.10 am Tarzan. 11.58 Today's Weather. 1.20 pm Rallycross. 1.50 Diff'rent Strokes. 2.45 Cartoon. 5.15 Blockbusters. 10.40 "The Domino Principle." 12.30 The Icicle Works — Seven Horses Deep.

GRAMPIAN
11.00 am UFO. 1.20 pm Squash—Scottish Open Championship. 2.45 Cartoon. 5.15 Blockbusters. 10.40 Feature Film: "The Domino Principle" starring Gene Hackman, Candice Bergen, Richard Widmark and Mickey Rooney. 12.30 am Reflections.

GRANADA
11.05 am The Greatest American Hero. 1.20 pm UFO. It's husky as an astronaut. 2.15 Punky Brewster. 2.45 Daffy Duck. 10.40 The Big Match. 11.35 "The Domino Principle," starring Gene Hackman. 1.25 am "The Mean Machine," starring Burt Reynolds. 3.30 World Championship Boxing: Mike Tyson (WBC Champion) v. James "Bonecrusher" Smith (WBA Champion).

HTV
11.00 UFO. 1.57 HTV News. 1.20 pm The Fall Guy. 2.45 Porky Pig/Daffy Duck. 10.40 "The Domino Principle," starring Gene Hackman, Candice Bergen, Mickey Rooney and Richard Widmark.

SCOTTISH
11.00 am Fireball XL5. 11.25 Crystal Tipps and Alistair. 11.30 The Smurfs. 1.20 pm Squash (Scottish Open Squash Championship). 2.45 Daffy Duck. 5.15 Blockbusters. 10.40 Feature Film: "The Domino Principle," starring Gene Hackman, Richard Widmark and Mickey Rooney. 12.30 am Late Call.



The Life and Times of Lord Mountbatten C4, 11.15 am

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW News. 1.20 pm Fisheries News. 1.35 Walt Disney Presents. 1.45 Diff'rent Strokes. 2.15 Bellamy on Top of the World. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 10.40 Feature Film: "The Domino Principle." starring Gene Hackman, Candice Bergen, Richard Widmark and Mickey Rooney. 12.30 am Postscript.

TVS
11.00 am Tarzan. 11.57 TVS Weather. 1.20 pm Rallycross (Shell Oil British Open). 1.50 Diff'rent Strokes. 2.45 Daffy Duck. 5.15 Blockbusters. 10.40 "The Domino Principle," starring Gene Hackman, Candice Bergen and Richard Widmark. 12.30 am The Icicle Works. 1.15 am Company.

TYNE TEES
11.00 am UFO. 11.55 Lookaround. 1.20 pm Tucker's Witch. 2.45 Cartoon Time. 11.40 "The Domino Principle," starring Gene Hackman, Candice Bergen, Richard Widmark and Mickey Rooney. 12.35 am Poetry of the People.

ULSTER
11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 pm UFO 2.45 Daffy Duck. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 10.40 Feature Film: "The Domino Principle," starring Gene Hackman. 12.30 am News at Bedtime.

YORKSHIRE
11.00 am Tarzan. 1.20 pm Scarecrow and Mrs King. 2.45 Porky Pig/Daffy Duck. 10.40 "The Domino Principle" (Gene Hackman stars). 12.30 am Jobfinder.

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 11.00 Sounds of The 60s. 11.00 Album Time. 1.00 pm Pull the Other One. 1.30 Sport on 2 including Rugby Union, Football, Racing from Haydock Park, Boxing and at 5.00 Sports Round-up. 6.00 I'm Sorry I Haven't a Clue. 6.30 Cider 'N' Song. 7.00 The Conch Quiz. 7.30 Saludos a Espana. 9.30 String Sound. 10.00 Big Fight Special: WBC Light Heavyweight Championship of the World. Dennis Andreis v. Thomas "Hitman" Hearns. 11.00 Martin Kelner (joining VHF). 12.00 Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.25 Cleveland Orchestra. (12.00 Interval Reading). 1.00 pm News. 1.05 Roseingrave and Scarlatti. (Harpsichord recital by Robert Woolley). 1.55 Britten (Variations on a theme by Bridge), Prokofiev (Symphony No. 2). 3.05 South Place Sunday Concerts. (3.55 Interval Reading). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 The Organ sonatas of Alexandre Guilmant played by Christopher Herrick. 7.05 "Die Frau Ohne Schatten," opera by Strauss sung in German and conducted by Karl Bohm (8.10-8.15, 9.15-9.20, Interval Reading). 10.30 Arditti String Quartet: Berg (Quartet Op 3). Dutilleux (Ainsi la nuit). Ligeti (Quartet No 2). 11.[illegible] Elgar, Serenade in E minor. 11.57-12 News.

BBC RADIO 4
7.00 am Today. 9.00 News. 9.[illegible] Sport on 4. 9.30 Breakaway. 10.[illegible] News: Loose Ends with Ned Sherrin and guests. 11.00 The Week in Westminster. A personal review of Parliamentary week with Peter Riddell, Political Editor the of Financial Times. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News; Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 Science Now at The AAAS.
5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather: Travel. 6.00 News: Sports Round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.15 The Beachcomber. 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 Mixed Metaforday. 11.00 Big Jim and the Figaro Club. 11.30 Cliffhanger. 12.00-12.15 am News.

SUNDAY

†Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Signs of Hope. 10.00 Asian Magazine. 10.30 Take Nobody's Word For It. 10.55 Buongiorno Italia! 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 Weather for farmers. 1.00 This Week Next Week. 2.00 EastEnders. 3.00 Match of the Day Live: Watford v Everton.
4.55 Tom and Jerry. 5.05 The Muppet Show. 5.30 Antiques Roadshow. 6.15 You in Mind. 6.25 News 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 Athletics from Indianapolis USA. 8.40 The District Nurse. 9.30 News. 9.45 That's Life! 10.30 Heart of the Matter. 11.05 The World of UB40. 11.35 Simon King's Country Diary.

BBC 2
2.00 pm Rugby Special. †3.00 Film: Mr Blandings builds his Dream House starring Cary Grant and Myrna Loy. 4.30 Music in Camera. 5.15 Thinking Aloud. 6.00 Ski Sunday. 6.30 The Money Programme. 7.15 On the House. 7.45 The First Eden. 8.40 Darts. 9.20 Did You See. 10.00 Monarflex Professional Billiards Championship. 10.30 Screen Two: "Inappropriate Behaviour." 11.50-12.25 am Darts.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 World Championship Boxing—The WBC/WBA Heavyweight Championship — Mike Tyson (US) v James "Bonecrusher" Smith (US) 10.30 No 73. 11.00 Morning Worship. . . . 11.45 The Old Testament in Art. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines, followed by Encounter. 2.00 "Hans Christian Andersen," starring Danny Kaye. 4.30 Supergran. 5.00 Bellamy on Top of the World. 5.30 Bullseye. 6.00 The Television Show. 6.30 News. 6.40 Appeal—John Timson appeals on behalf of BREAK. 6.45 Highway. 7.15 Catchphrase. 7.45 Surprise Surprise. 8.45 Crazy Like a Fox. 9.45 News. 10.00 Clive James on Television. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by End of Empire.

CHANNEL 4
9.25 am Sunday East followed by Deswarain. 10.00 am The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Rebecca. 2.30 "Hell's Angels" (stars Ben Lyon and Jean Harlow). 4.45 World of Animation. 5.00 Robinson Country. 5.30 News Summary followed by The Business Programme. 6.15 Badminton: The British Airways Masters. 7.15 The World at War. 8.15 A-Z of C & W with Hank Wangford. †9.15 Armchair Theatre. †10.20 "Love with the Proper Stranger" starring Natalie Wood and Steve McQueen. †12.10 am The Twilight Zone.

S4C WALES
9.00 am Haloc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 12.00 Feature Film: "All Through the Night." 4.00 Claus Ogermann. 5.00 7 Days. 5.30 The Business Programme. 6.15 Badminton: The British Airways Masters. 7.15 Wil Cwac Cwac.
7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Pobl y Cwm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Gwiad Yn Dylifo 9.40 John Woods—A Life. †10.25 Feature Film: "Mine Own Executioner." starring Burgess Meredith and Kieron Moore.

IBA Regions as London except at the following times:—

ANGLIA
9.25 am Cartoon. †1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am The Last Book.

BORDER
9.25 am Border Diary. 1.00 pm Farming Outlook. 4.20 Walt Disney.

CENTRAL
9.25 am Big Fight Result. 9.35 The Six Million Dollar Man. 1.00 pm Getting On. 1.30 Here And Now. 12.30 am Central Jobfinder '87.

CHANNEL
9.25 am Today's Weather. 9.28 Starting Point. 1.00 pm Les Français Chez-Vous. 1.30 Enterprise South. 4.20 Walt Disney Presents. 6.25 Channel News Headlines.

GRAMPIAN
9.25 am Cartoon. 11.00 Recollections (Patricia Hayes). 11.30 A Full Life (Julian Bream). 1.00 pm Farming Outlook. 1.30 Face The Press. 2.30 Scarecrow and Mrs King. 3.30 Bullseye. 4.00 Bellamy on Top of the World. 4.30 Supergran. 5.00 Scotsport from Coasters Arena, Falkirk. 12.30 am Reflections.

GRANADA
9.25 am Big Fight Results. 9.35 The Adventures of Little Lord Fauntleroy. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . . ? 1.40 This Is Your Right. 11.30 Hammer House of Horror.

HTV
9.25 am Max The 2000 Year Old Mouse. 1.00 pm West Country Farming followed by Weather for Farmers. 6.38 HTV News.

SCOTTISH
9.25 am Peter's Adventures. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 Cross Current. 2.30 Hart To Hart. 3.30 Bullseye. 4.00 Bellamy on Top of the World. 5.00 Scotsport comes from Coasters Arena, Falkirk. 8.45 Murder, She Wrote. 12.30 am Late Call.

TSW
9.25 am Look And See. 1.00 pm The South West Week. 1.30 Farming News. 4.20 Gus Honeybun's Magic Birthdays. 4.30 Gardens For All. 5.00 Supergran. 6.35 TSW News. 12.25 am Postscript Postbag.

TVS
9.25 am Employment Action. 1.00 pm Agenda. 1.30 Enterprise South. 6.25 TVS News. 12.30 am Company.

TYNE TEES
9.25 am Morning Glory. 1.00 pm Farming Outlook. 1.30 Face The Press —Sir Nicholas Goodison, chairman of the Stock Exchange. 4.20 Walt Disney Presents. 5.30 Northern Life—Sunday Edition. 6.00 Bullseye. 12.30 am Epilogue.

ULSTER
9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice With Anne Hailes. 1.58 Farming Weather. 4.20 Cartoon. 6.38 Ulster News. 8.45 Sing Out. 9.15 The Cosby Show 9.57 Ulster News. 12.25 am Sports Results. 12.30 News At Bedtime

YORKSHIRE
9.25 am Cartoon Time. 1.00 pm Getting On. 1.25 Farming Diary. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday with Cliff Richard. 9.05 Melodies For You. 11.00 Desmond Carrington. 1.00 pm Tribute to Danny Kaye. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Black Magic. 4.30 Sing Something Simple. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights. 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Show. 10.45 Jonathan Cohen . . . at the piano. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Wake Up To Haydn! 8.00 World Service News. 8.10 Primo E Secondo. 9.00 News: 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Kun Woo Paik piano recital: Poulenc, Faure, Messiaen. 12.15 pm From The Proms 86. Bruckner (Christus factus est; Virga Jesse —sung by BBC Singers): (12.25 Interval Reading); 12.30 Bruckner (Symphony No 5). 1.50 Musical Times Past. 2.10 CBSO Wind Ensemble: Mozart (Serenade K 361): (3.00 Interval Reading): 3.05 Stravinsky (Symphonies of wind instruments), Grainger (a Lincolnshire posy). 3.40 Orchestral Handel. 4.15 Sviatoslav Richter (mono) piano recital from the 1966 Aldeburgh Festival: Mozart, Tchaikovsky: (4.50 Interval Reading): 4.55 Rachmaninov, Scriabin, Prokofiev. 5.30 The Jesuits. 6.15 "Il Prigioniero," Prologue and an act, by Dallapiccola, sung in Italian. 7.10 Bliss (story by Barbara Frischmuth). 7.30 Svetlanov and the Philharmonia, concert from the Royal Festival Hall, London, part 1: Brahms (Symphony No 3). 8.10 The Stagnant Revolution. 8.30 Concert, part 2: Shostakovich (Piano Concerto No 2, with Peter Donohoe), Prokofiev (Romeo and Juliet, excerpts). 9.30 Music for Guitar. 10.00 Sounds of Finland. 11.20 Langham Chamber Orchestra: J C Bach (Periodical Overture No 1, Sinfonia Op 6 No 6), Lennox Berkeley (Windsor Variations). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Sunday Papers 7.15 The Local Network. 7.40 Sunday including 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather: Travel. 9.00 News: 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping forecast. 2.00 News: Gardeners' Question Time. 2.30 The Lord of the Rings (S). 3.30 Literary Walks. 4.00 News: The Food Programme.
5.00 News: Travel. 5.05 Down Your Way. 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Feedback (Christopher Dunkley with comments and queries about the BBC). 6.30 Soundings. 7.00 Martin Chuzzlewit by Charles Dickens. 8.00 Bookshelf. 8.30 An Infamous Address. 8.45 The Resurrection of Christ. 9.00 News: Proof by Dick Francis (S). 9.30 Law in Action. 9.55 Weather: Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.